



## **BOARD OF DIRECTORS REPORT**

Performance and Activities of the Company  
for the Fiscal Year 2022.



**CUSTODIAN OF THE TWO HOLY MOSQUE**

**KING SALMAN BIN ABDULAZIZ AL SAUD**



**HIS ROYAL HIGHNESS**

**PRINCE MOHAMMED BIN SALMAN BIN  
ABDULAZIZ AL SAUD**

**CROWN PRINCE, PRIME MINISTER**

# INDEX

## COMPANY MANAGEMENT REPORT

- 07 Company Overview
- 08 Values
- 08 Vision & Mission
- 09 Strategy
- 10 Historical Milestones of the Company's Path
- 14 Most Prominent Events and Achievements of 2022
- 16 Chairman's Message
- 18 CEO's Message
- 20 Initial Public Offering

## COMPANY PERFORMANCE & BUSINESS

- 24 Financial Performance
- 29 Production and Sales of the Main Sectors of the Company
- 36 Subsidiaries, joint ventures operations and investment companies by equity

## FUTURE DEMANDS AND RISKS

- 42 Future Demands
- 44 Risks

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

- 57 Company's Approach to Sustainability
- 58 Water Resources, Waste Management and Recycling
- 59 Greenhouse Gas Emissions
- 59 Environmental Governance
- 60 Occupational Health and Safety
- 61 Investment in Human Resources
- 63 Social Responsibility

## CORPORATE GOVERNANCE

- 67 Governance Structure
- 68 Investor Relations
- 74 Board of Directors
- 83 Board Committees
- 93 Executive Management
- 96 Rewards
- 101 Applicability of the Corporate Governance Regulations
- 103 Closing Message

# YOUR PARTNER IN WATER & ELECTRICITY



# COMPANY MANAGEMENT REPORT

- 07 Company Overview
- 08 Values
- 08 Vision & Mission
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- 18 CEO's Message
- 20 Initial Public Offering

## COMPANY OVERVIEW

Power and Water Utility Company for Jubail and Yanbu (Marafiq) (the "Company" or "Group" whenever it relates to the Company and its subsidiaries) is a Saudi Public joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 2055004968 dated 17/06/1422H (corresponding to 05 September 2001G). The Company was established by Royal Decree No. M/29 dated 21/07/1421H (corresponding to 18 October 2000G). The registered address of the Company is Jubail Industrial City, First Industrial Support Area, Street 3522, Road 100, Unit No. 1, Jubail 35717-8894, P.O. Box 11133, Postal Code 31961, Kingdom of Saudi Arabia.

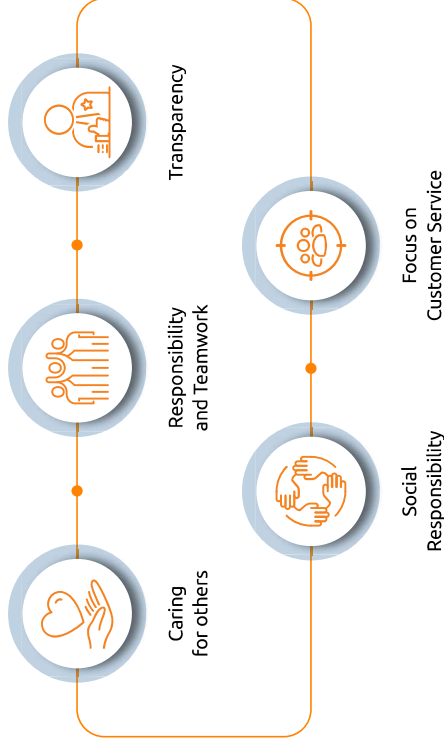
At the time of its incorporation, the Company's authorized and issued share capital was SAR 2,500 million.

For the period of 2022, 29.24% of the Company shares were initially offered to the public and the Company became a listed company in Saudi Arabia on 23/11/2022.



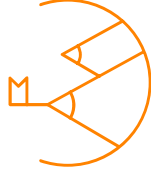
The Company's principal activities (according to its Bylaws) are water supply, sewage activities, waste management and treatment, electricity, gas, steam and air conditioning supply, process industry and construction. Moreover, the Company may perform any necessary or supplementary work for these purposes, including the importation of materials, etc. The Company may also provide such services in all regions of the Kingdom, with an obligation to provide such services to all beneficiaries in the industrial cities of Jubail and Yanbu.

## VALUES



## VISION

To be the provider of utilities services in the major industrial cities of the Kingdom of Saudi Arabia.



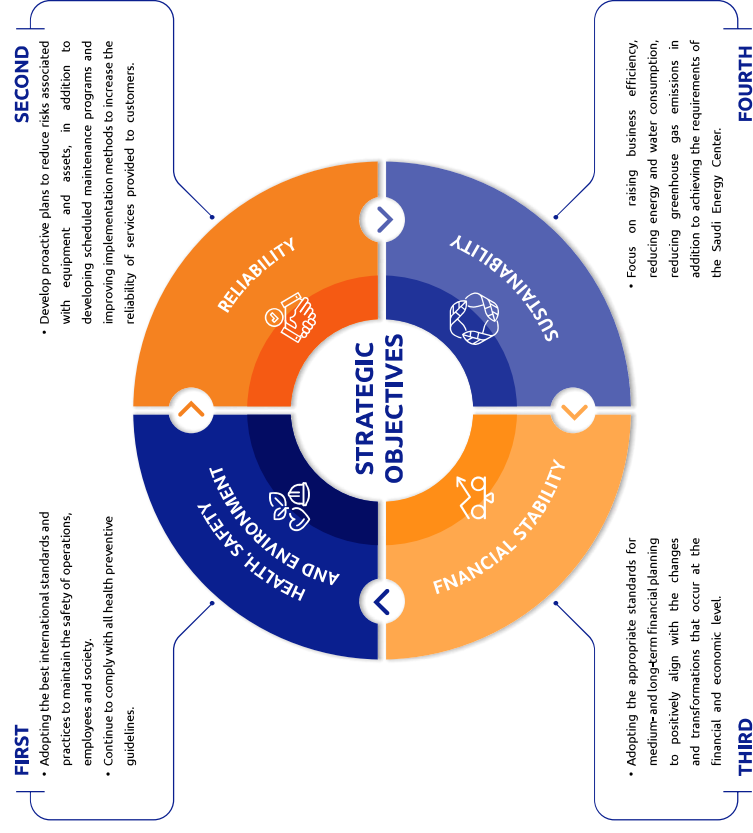
## MISSION

To meet the needs of customers by providing utility services permanently and reliably in line with environmental regulations and to establish the highest value for shareholders.



## STRATEGY

In developing its long-term business strategy, the Company follows the best industry practices. Long-term strategy, targets and objectives are assessed on annual basis to follow up their implementation and evaluate the strategic trajectory in line with the industry's current developments and evolving shareholder objectives. The Group's business strategy is in line with the government's policy of improving the Kingdom's water and electricity sectors. The Company's management believes that the following key strategic pillars will enhance its future revenue, profitability and cash flows.



## HISTORICAL MILESTONES OF THE COMPANY'S PATH

The Company's history dates back to 22 September 1975G when the Royal Commission (the "Royal Commission") was established pursuant to Royal Decree No. (M/75) dated 16/09/1395H with the task to develop the industrial cities of Jubail and Yanbu. The objective of the initiative was to diversify the national economy and reduce the Kingdom's reliance on its oil revenue by providing the requisite infrastructure and utilities for the establishment of primary, secondary, and support industries.

When the Royal Commission was tasked with the development of the industrial cities of Jubail and Yanbu, it has constructed the power and water infrastructure in Jubail and Yanbu. At that time, the infrastructure comprised a power station in Yanbu and seawater cooling utilities, desalination plants, and wastewater treatment plants in Jubail and Yanbu. As the industrial cities continued to grow, in 1999G the government decided to privatize these utilities and the Council of Ministers Decision No. 57 of 11 July 1999G ("COM No. 57") defined the charter of a new private utility company, leading to the establishment of Marafiq by Royal Decree No. M/29 dated 18 October 2000G.

All the utility assets owned by the Royal Commission were transferred to the Company. This transfer of assets to the Company was made in accordance with the arrangement stipulated under COM No. 57 and in a master lease agreement dated 11 October 2006G entered into between the Royal Commission and the Company (the "RC Master Lease"). The Royal Commission continues to lease the utility infrastructure of new developed areas that it constructs from time to time in Jubail and Yanbu as required with both industrial cities' growth.



## > The Key developmental events of the Group since the Company's incorporation

- 2000**

  - » The Company was established as a joint stock company pursuant to Royal Decree No. M/29 dated 21/07/1421H to provide power and water related services in the industrial cities of Jubail and Yanbu.
- 2003**

  - » The Company took over operations in Jubail and Yanbu from the Royal Commission on 01 January 2003G.
- 2006**

  - » Master lease agreement signed between the Royal Commission and the Company transferring assets of SAR 3.4 billion to the Company.
  - » The incorporation of Tawreed for the purposes of acting as an agent company for the purchase and sale of water and electricity produced by Jubail Water and Power Project (JWPP).
- 2007**

  - » Transfer and commissioning of steam turbine generation unit number 4 in Yanbu from the Royal Commission.
  - » Jubail Water and Power Company ("JWAP") was incorporated on 23 April 2007G as a Saudi closed joint stock company.
- 2009**

  - » First ever adjustment in water tariffs of the Company was approved by the Company's Board of Directors in their capacity as regulator under COM No. 57. The tariffs approved became effective in 2010G.
- 2010**

  - » Commissioning of the power and water plant of JWAP.
- 2011**

  - » The Company commenced gas distribution business in the Light Industrial Park area of the industrial city of Yanbu.
  - » The Company incorporated MaSa as a joint venture with SAUR International SAS.

- 2012**

  - » The Company signed an Industrial Water Supply Agreement ("IWSA") with Sadara Chemical.
  - » Commissioning of Industrial Wastewater Treatment Plan (Stage-4) at Jubail - 55,000 m<sup>3</sup>/day capacity.
- 2013**

  - » Commissioning of a multi-effect distillation plant at Jubail - 2 x 27,600 m<sup>3</sup>/day capacity
- 2016**

  - » Commissioning of a SWRO-4 (Seawater Reverse Osmosis) water production plant at Jubail - 100,000 m<sup>3</sup>/day capacity.
  - » Commissioning of a sanitary wastewater treatment plant at Yanbu - 47,000 m<sup>3</sup>/day capacity.
  - » Commissioning of the Yanbu-2 power, water, and seawater complex.
  - » Commissioning of a SWRO Plant (Seawater Reverse Osmosis) for the supply of industrial water to the Sadara Chemical Complex.
- 2019**

  - » The Company was also entrusted by the Royal Commission as the utilities service provider for Ras Al-Khair Industrial City ( RIC ).
- 2021**

  - » The Company acquired the remaining shares in MaSa from SAUR International SAS to become a wholly owned subsidiary.
- 2022**

  - » The Company was also delegated by the Royal Commission as the utilities service provider for JCPDI
  - » List 29.24% of the Company shares in the Saudi Stock Exchange - Tadawul



## MOST PROMINENT EVENTS AND ACHIEVEMENTS OF 2022

- » Marafiq is converted into a public shareholding company whose shares are listed in the Saudi Stock Exchange (Tadawul).
- » Marafiq was honored by the European Foundation for Quality Management (EFQM) and received a four-star rating, and is considered the first Saudi company to obtain this rating according to the updated quality management model.
- » The Company obtained the approval of the Royal Commission to provide utility services to Jazan City for Basic and Manufacturing Industries.
- » Started operating water utility in Ras Al Khair City and provide customers with the necessary services.
- » The Company achieved 95.58% by complying with the regulations of the National Cybersecurity Authority based on the compliance audit report for the year 2022, which represents an increase of 10% comparing to the previous year.
- » The success of the SAP S/4 HANA digital transformation project, which is part of Marafiq's digital transformation journey.
- » Successful completion of the project of rehabilitation of gas turbine generators (GTG), which aims to improve the mechanism of operation of production units with higher efficiency.
- » The percentage of Saudi employees in the Company exceeded 83% of the total 1,424 employees at the end of 2022.



OUTSTANDING ORGANISATION



Marafiq

Is Recognised as  
a 4-star organisation using  
the EFQM Model

October 2022

  
Russell Longmuir  
CEO, EFQM





## CHAIRMAN'S MESSAGE

His Excellency, Eng. Khalid bin Mohammed Al-Salem

### Dear Shareholders of Marafiq

Peace be upon you and God's mercy and blessings.

On behalf of myself and all members of the Board of Directors, I am pleased to present the Company's annual report, which highlights the performance and achievements of the Company in 2022 and the efforts exerted to enhance its growth, financial performance and competitiveness in line with the aspirations and expectations of its valued shareholders.

Year 2022 was a historic year by all standards in Marafiq's journey spanning more than twenty years, as this successful was characterized in its listing in the Saudi Stock Exchange "Tadawul". The listing- as you know- enhances the Company's role as an integrated provider of electricity, water and gas utility services. Marafiq plays a pivotal role in achieving the national industrial ambitions which are essential parts of the Kingdom's Vision 2030. the Group is also providing a unique opportunity for investors through the IPO, not only to leverage its strong financial position and stable cash flow, but also to contribute to its ambitious growth story.

After a long period of full challenges, Marafiq maintained, during the previous crisis period, its financial and operational stability and increased its rapid growth in addition to the expansion of areas where electricity, water and gas utilities cover.

After Jubail and Yanbu, the Company's geographical scope continued to expand to cover both Jazan and Ras Al-Khair. During the year 2022, Marafiq obtained the approval of the Royal Commission to provide utility services to Jazan City for Basic and Manufacturing Industries, in addition to starting the work of operating water utilities in Ras Al-Khair City and providing customers with the necessary services.

Marafiq has been working during its journey since 2000 to date to make optimal use of all the Company's assets, contribute to the sustainability of its business and advance the development of all national industries to achieve the aspirations and vision of our wise government.

During the coming era, we seek to continue building on what has been achieved by relying on the highest technical and information technologies, devoting all efforts to build on our national human resources and striving forward to provide them with all means of development and refine the scientific and practical expertise.

We are proud of our achievements during the year 2022, and this would not have been happened without the grace of God first and then the efforts of our employees who do not hesitate to exert all necessary means to achieve the aspirations of the Company and its valued shareholders..

Marafiq's net profit reached SAR 845.65 million, which was reinforced by the Company's outstanding operational and financial performance in announcing a total cash dividends of SAR 550 million for the year 2022.

The Company continues to harness all available capabilities and procedures to ensure the continuity and sustainability of its business, enhance its operational efficiency, and ensure the supply of utility services to all its valued customers by achieving integration between all sectors, ministries and government agencies related to the Company's business.

Our Group gives great attention to matters of environment, health, safety and security, which is one of the core values that we put at the forefront of our attention in all activities and business. We keep in mind the utmost goal to ensure a safe work environment that protects all employees and society alike. Additionally, the safety of operations is one of the main pillars that contributed to maintaining the Company's record free of injuries during the past year (praise be to God).

In conclusion, I would like to extend my sincere thanks and great gratitude to the leaders of our wise government, the Custodian of the Two Holy Mosques: King Salman bin Abdulaziz Al Saud, and his Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, may God protect them, for their continuous support, which contributed to overcoming all the difficulties and obstacles facing the Company and pushing the later to succeed and progress.

With God's help, we are continuing towards the path of success to be one of the contributors to achieving our Kingdom's promising vision Vision 2030.

I would also like to thank the Board of Directors of the Royal Commission in Jubail and Yanbu, Ministry of Industry and Mineral Resources, Ministry of Energy, Ministry of Environment, Water and Agriculture, Water and Electricity Regulatory Authority and Capital Market Authority for their constant support to Marafiq. I would also like to thank the Board of Directors, the CEO, the Executive Management team and all the Company's employees for their efforts and contribution to another year of success culminating in the initial public offering of the Company.





## CEO Message

Eng. Mohammed bin Burki Al-Zuabi

All of us at Marafiq look forward to a future full of optimism, continuing to implement the Company's strategy set by the Board of Directors and consolidating the base of continuous construction and horizontal expansion in providing our services to all industrial cities.

The Group continues to successfully implement its ambitious plans, overcoming all difficulties and challenges, and keeping pace with all changes, and we always strive to provide all new and innovative operational solutions and services, starting with confidence and stability, to be worthy of "Marafiq the future" by ensuring the sustainability of meeting the requirements of our customers and maintaining a stable and increasing pace in the Company's operating revenues to achieve stable returns that meet the aspirations of the Company's investors and shareholders.

Marafiq, with the continuous support of the Board of Directors, and in light of the positive developments of the Saudi economy in 2022, was able to continue its outstanding performance and strengthen its leadership at all levels. The positive results were represented in the increase of the Company's general profit ratio, in line with the overall expansion of assets. Furthermore, the Company recorded an increase in the rate of investor appetite in the initial public offering. The Company achieved Saudi Riyals 845.65 million which represents an increase of %27.23 comparing to the year 2021.

We strive for optimal investment and advanced leadership in the operational business in the growing utility market. Within the framework of our Company's leading and growing role in addition to its active participation in achieving the goals of the Kingdom's Vision 2030, the Company has been keen to increase and develop its continuous support for the growth of the water, electricity and gas utilities sector, which contributes to achieving structural transformations that support long-term growth. The Company's portfolio has grown during the past era with high and clear percentages in its financial statements.

Today, we are keen to establish firm bases that elevate our future aspirations through our strategic vision to enhance and diversify our distinguished services into new sectors, markets and tools, according to a steady line towards progress, prosperity and growth, armed with administrative and operational work standards based on transparency, credibility and sustainability.

In 2022, Marafiq continued to successfully implement its 'Marafiq the Future' strategy, based on the promising prospects for continued growth and profitability, by continuing to build on its operational capabilities in the market, with a deliberate geographical expansion in this area.

On the other hand, we continued to improve the customer experience and enhance the utilities services with everything that is new and efficient, and this has supported the Company to provide more services and accelerate and facilitate its operational activities during the various stages of its growth journey. As you see, we have improved this journey and reduced the time it takes to accomplish the same and we are striving steadily to be a key partner in working together to achieve various national services.

In a practical transition of the Company's keenness to keep its investors and customers always at the center of attention, the focus is constantly on meeting their needs and increasing points of contact with them, while strengthening our competitive position, by intensifying our presence and participation on social media, applying data-driven insights and targeted marketing, while providing essential solutions to meet the growing and evolving needs of customers, and expanding the range of services and solutions across subsidiaries to complement the business ecosystem in this context.

As the Company's strategic business directions, as well as customer expectations over the past few years, have evolved significantly, this has required aligning the entire Company's business network, channels and human resources with this transformation, as key to achieving the strategic goals for 2022 and beyond. Our Group has worked hard to maximize the use of its expertise and projects within the utilities services sector, in a way that enhances the optimal use of available opportunities and works to achieve meaningful returns. From this standpoint, I would like to refer you to what is mentioned in this report regarding the Company's results during the year 2022.

On the other hand, we are constantly working to modernize the Company's infrastructure to provide more flexibility in providing water, electricity and gas utility services, and we focus on providing the highest levels of specialized training for employees, while emphasizing the importance of the graduate development program in providing a sustainable balance of talent in order to prepare future leaders and builders. The percentage of Saudi employees exceeded %83 until the end of 2022, and was keen to recruit and empower female national in various departments in line with Vision 2030.

With regard to social and voluntary responsibility, the Company contributed during the year 2022 to many awareness and charitable programs and activities that have a major role in the development of society cognitively and healthily, as Marafiq held many activities through Marafiq Volunteer Club, which included cleaning beaches in Jubail, visiting hospitals and homes the elderly, and the Company also provided support to many charities in various fields.

During the year 2022, Marafiq obtained three ISO 9001, ISO14001 and ISO45001 certifications, which show the compliance, durability and effectiveness of Marafiq management system with applicable international standards. In addition, the Company complied with the regulations of the National Cybersecurity Authority by achieving %95.58 which represents an increase of %10 over the previous year. Also, the success of the SAP S/4 HANA digital transformation project, which is an important part of Marafiq's digital transformation journey.

During the past year, we have worked to reach a safer and more stable level in terms of operation and safety of the community and our employees as well. Marafiq continued to implement its sustainability programs through its preparation of the Company's operational policies with the target of preserving the environment, public health and supporting sustainable development with full compliance with environmental legislation in order to reduce the damage of greenhouse and toxic gases. In addition to the forgoing, the Company is looking forward to reducing fuel consumption, which reduces the negative effects associated with burning fuel. We can say that 2022 was for Marafiq the year of safety, free of injuries (praise be to God) and this would not have happened without relying on God and relying on the directives of the Company's Board of Directors, in addition to the efforts of the Executive Management, specialized teams of the Company and all its employees.

With this abundant balance of achievements crowned by listing the Company's shares in the Saudi Stock Exchange, which is considered a turning point in the Company's history due to its positive impact in directing the compass of investors to Marafiq and knowing its importance and position for the main cities in the Kingdom and due to its capabilities in meeting the requirements of all its customers, we all look forward to the future with optimism, confidence and stability, continuing to implement the strategy of "Marafiq the Future" and providing all new and innovative operational and service solutions.

In conclusion, I emphasize that we at Marafiq are doing our best to provide all services to our customers according to the highest quality standards and at the required speed, and we consider this one of our most important goals. I also thank the Board of Directors of Marafiq for the continuous and unlimited support, and we emphasize the commitment of the Executive Management to continue focusing the efforts and work hard to face all challenges. I also thank my colleagues in the Executive Management and a greeting of appreciation and pride from all of us, to colleagues in various departments, subsidiaries and all sectors, who confirm with their excellence and creativity that they are the most precious wealth that Marafiq has, and I hope to meet with you next year, God willing.

I reiterate my thanks for your trust and we promise to continue working towards achieving the continuous growth of Marafiq, preserving shareholders' rights and contributing to the progress and development of your Company for the better to achieve Marafiq's vision.

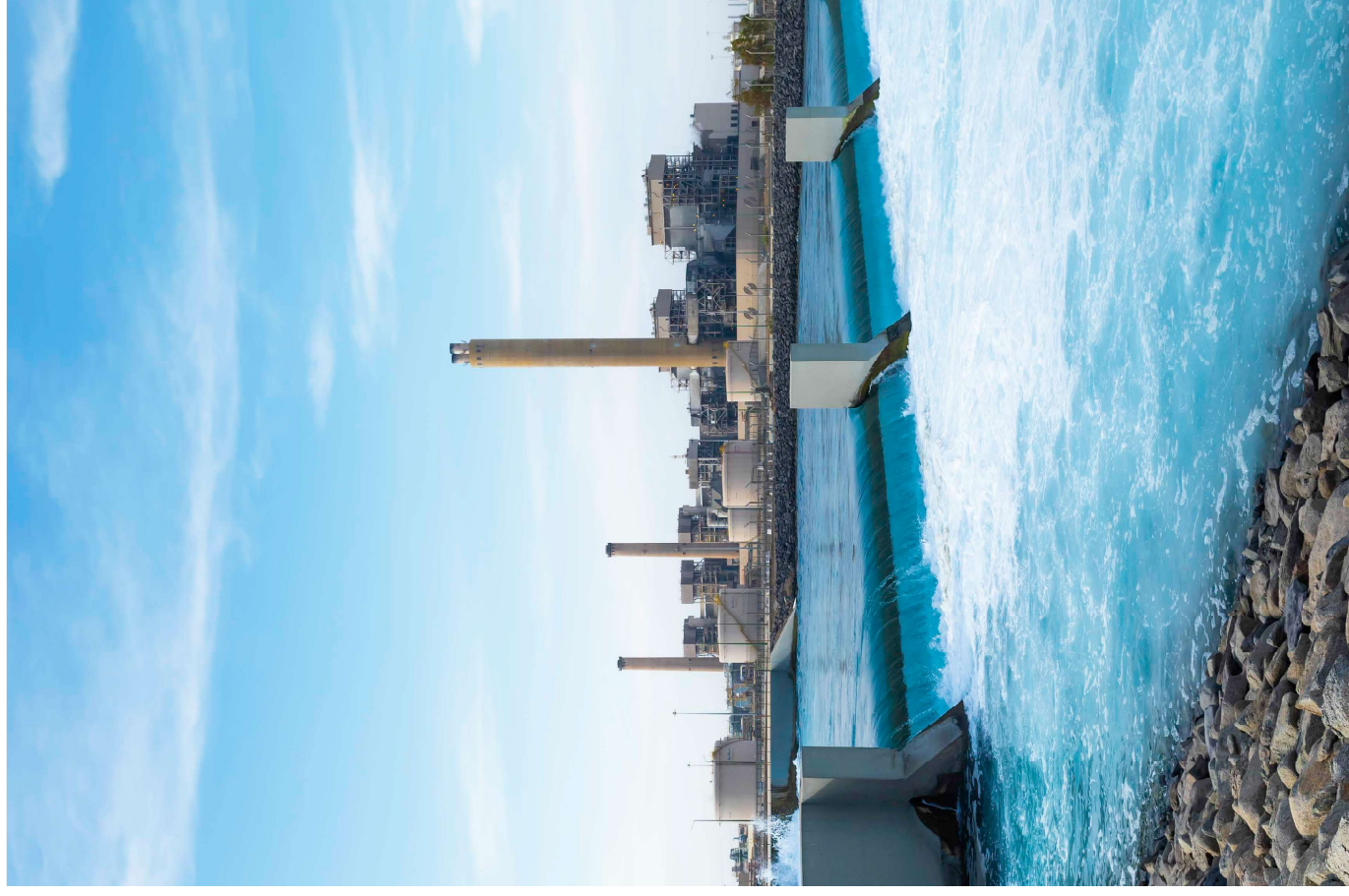
God bless

## INITIAL PUBLIC OFFERING

The year 2022 was an unprecedented year for Marafiq, through which the Company achieved a number of great results that contributed to strengthening its position, and the offering of a number of the Company's shares for public subscription and listing in the Saudi Stock Exchange (Tadawul) was one of the most prominent of these achievements.

The Company's initial public offering had wide interest from investors (institutions and individuals), with coverage ratio exceeding 59 times for institutions and 6.3 times for individuals, and the value of applications reached SAR 196 billion. The final price of the offered shares was SAR 46 per share, the upper end of the price range, indicating that the Company's market capitalization was SAR 11.5 billion at the time of listing.

The success of the offering comes with strong growth prospects of Marafiq, and reflects the great interest of investors as it is located in the largest industrial cities in the Kingdom and due to its capabilities that contribute to the development and empowerment of industries of all kinds. Marafiq also strives for sustainability, profit growth and greater value for shareholders and customers alike.



# COMPANY PERFORMANCE & BUSINESS

24 FINANCIAL PERFORMANCE  
29 PRODUCTION AND SALES OF THE MAIN SECTORS OF THE COMPANY  
36 SUBSIDIARIES, JOINT VENTURES OPERATIONS AND INVESTMENT COMPANIES BY EQUITY



## The important results and indicators in the year 2022

**Net Income**  
**845.65**  
Million Saudi Riyals

**Net cash from operating activities**

**2.14**  
Billion Saudi Riyals

**Free cash flow**  
**1.39**  
Billion Saudi Riyals

**Dividends Paid**  
**450**  
Million Saudi Riyals

**Dividend paid per share**  
**1.8**  
Saudi Riyals

**Earnings per share**  
**3.38**  
Saudi Riyals

**Net Debt Gearing**  
**49%**



## Financial Performance

The Company's financial performance was strong over the past year, driven by higher sales revenue for all Company sectors and a focus on the optimal utilization of available assets, which reinforced the Company's ability to distribute cash dividends totaling 550 million riyals for the year 2022.

### Statement of financial position (Million Riyals)

Statement	2022	2021	Change %	2020	2019	2018
Current Assets	3,872	3,397	14%	3,523	2,804	3,897
Non-current assets	20,354	20,713	-1.7%	20,589	20,706	20,817
Total Assets	24,226	24,110	0.5%	24,112	23,510	24,714
Current Liabilities	2,413	2,197	9.8%	2,620	2,192	3,520
Non-current liabilities	13,568	14,362	-5.5%	14,504	14,440	14,354
Shareholders' Equity	8,245	7,551	9.2%	6,988	6,878	6,840
Total Liabilities and Shareholders' Equity	24,226	24,110	0.5%	24,112	23,510	24,714

### Income statement (Million Riyals)

Statement	2022	2021	Change %	2020	2019	2018
Revenue	6,505	6,192	5.05%	6,091	6,108	6,271
Cost of revenue	(5,357)	(5,187)	3.28%	(5,463)	(5,588)	(5,650)
Gross Profit	1,148	1,005	14.23%	628	520	621
Net Profit	846	665	27.22%	290	213	224

### Statement of cash flows (Million Riyals)

Statement	2022	2021	Change %	2020	2019	2018
Net cash from operating activities	2,145	2,230	-3.81%	1,570	2,342	1,244
Net cash from investment activities	(874)	(972)	-10.08%	(1,761)	(592)	965
Net cash from financing activities	(1,068)	(1,370)	-22.04%	(299)	(2,030)	(2,018)

### MATERIAL DIFFERENCES IN OPERATIONAL RESULTS

The Company achieved revenues of SAR 6,505 million during the year 2022 comparing to revenues of SAR 6,192 million during the year 2021, with an increase of 5.05%, The Company also achieved a Gross profit of SAR 1,148 million during the year 2022 comparing to Gross profit of SAR 1,005 million during the year 2021, With respect to the operating profit it reached SAR 1,094 million during the year 2022, after deducting selling expenses, administrative and general expenses (other operating expenses) comparing to an operating profit of SAR 998 million for the year 2021.

Item	Million Riyals		Changes (-) or (+)	Change %
	2022	2021		
Revenue	6,505	6,192	313	5.05%
Cost of revenue	(5,357)	(5,187)	(170)	3.28%
Gross Profit	1,148	1,005	143	14.23%
Other operating income	223	247	(24)	-9.72%
Other operating expenses	(277)	(254)	(23)	9.06%
Other operating income	1,094	998	96	9.62%

### STATUTORY PAYMENTS

The following is a statement value of the statutory payments that have been made or are due in respect of any zakat, taxes or any other dues that have not been paid until the end of the annual financial period (in thousands of Riyals).

Item	2022			Statement of reasons
	Paid	Outstanding until the end of the year and not paid	Brief Description	
Zakat and Income Tax Payments	52,444	116,755	Paid or charged to the year in accordance with the provisions and rules of Zakat and Tax in the Kingdom	Government Requirements
General Organization for Social Insurance	70,484	6,922	Paid or charged to the year in accordance with the provisions of the Labor Law as a social insurance expense	Government Requirements
Total	122,928	123,677		

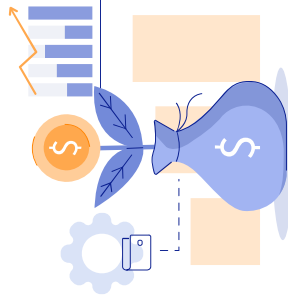
➤ INVESTMENTS OR RESERVES ESTABLISHED FOR THE BENEFIT OF THE COMPANY'S EMPLOYEES

The Company is keen to secure the future of its Saudi employees and achieve job security by adopting a number of incentive programs, including:



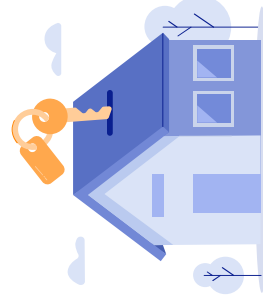
» Savings Program

Since its inception, the Company has adopted a savings program that encourages employees to save in a way that ensures increasing their income and contributing to securing their future, where the Company deducts part of the employee's salary and invests the same based on the employee's desire in accordance with Islamic investment rules.



» Housing Unit Ownership Program

The Company aims to provide the opportunity for Saudi employees who meet the conditions to own housing units, as the Company has granted its employees a group of housing units during previous years and the Company is working to obtain more residential lands to establish other housing units.



The following table shows the allocations of the Company's employees as at 2022/12/31 (in thousands of riyals):

Item	2022	2021
End of Service Benefits	690,844	646,982
Savings Program	56,877	51,628
Total	747,721	698,610

➤ INFORMATION RELATED TO LOANS OF THE COMPANY AND ITS SUBSIDIARIES

مِرافِيق  
MARAFIQ

First

Electricity and Water Utilities Company in Jubail and Yanbu (Marafiq)

The loans and financing facilities due on the Company at the end of 2022 is SAR 7,187 million comparing to SAR 7,390 million at the end of 2021, with a decrease of SAR 203 million and by 2.75%.

These loans and facilities were provided by three Saudi banks (Banque Saudi Fransi – Saudi British Bank – Saudi National Bank) in addition to loans obtained from the Saudi Industrial Development Fund, the Company also started from January 2018, 2 to repay the loans due to the Saudi Industrial Development Fund, and with regard to loans due to the banks, the repayment will be started as of the year 2025.

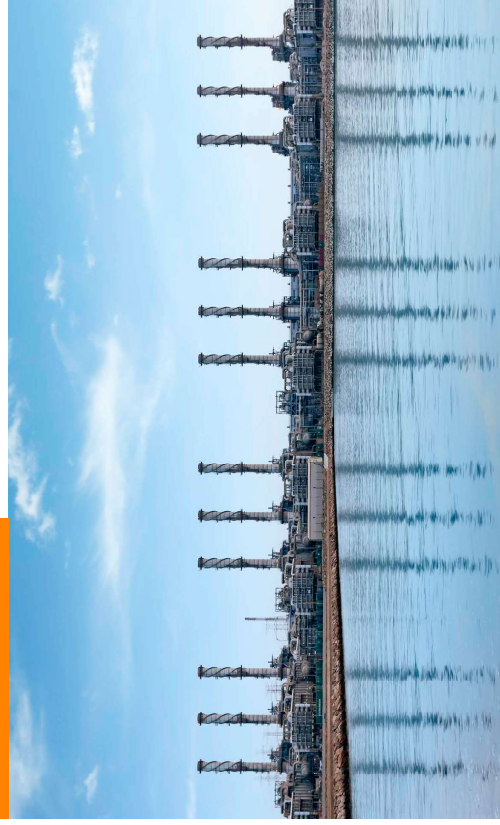


The following table shows the loans on the Company by the end of the year 2022 (thousands of riyals):

Lender	Borrowed Amount	Loan Term	Balance as of the beginning of 2022	Repaid	Balance as of the end of 2022
Banque Saudi Fransi	3,400,000	15 Years	3,400,000	-	3,400,000
Saudi British Bank	1,500,000	15 Years	1,500,000	-	1,500,000
Saudi National Bank	1,500,000	15 Years	1,500,000	-	1,500,000
Saudi Industrial Development Fund	900,000	9 Years	590,000	118,000	472,000
Saudi Industrial Development Fund	660,000	9 Years	400,000	85,000	315,000
Total Loans	7,960,000	-	7,390,000	203,000	7,187,000

### Second Jubail Water and Power Company (JWAP Company)

The loans and financing facilities due on the Company at the end of 2022 is SAR 5,011 million comparing to SAR 5,608 million at the end of 2021, a decrease of SAR 597.60 million and by 10.7%.

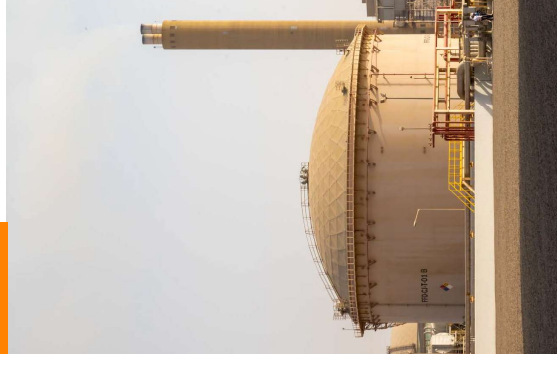


The following table shows the loans due on the Company by the end of the year 2022 (thousands of riyals):

Lender	Borrowed Amount	Loan Term	Balance at beginning of 2022	Repaid	Balance at end of 2022	Marafiq's portion of total loans 30%
BNP	5,895,000	22 Years	3,715,436	304,941	3,410,496	1,023,149
BNP	2,418,750	17 Years	431,935	172,766	259,169	77,751
Riyad Bank	2,250,000	20 Years	1,460,847	119,899	1,340,948	402,284
Total Loans	10,563,750	-	5,608,218	597,606	5,010,613	1,503,184

### PRODUCTION AND SALES OF THE MAIN SECTORS OF THE COMPANY

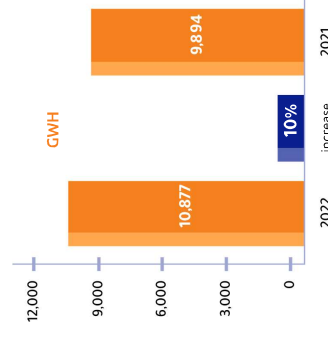
Marafiq undertakes the production and distribution of electricity (via transmission and distribution assets) and sells the same to its customers in Yanbu Industrial City and Jazan, in addition to providing production and distribution services for desalinated and treated water, drinking water, industrial water, as well as seawater cooling systems for heavy industries and industrial plants, and wastewater collection and treatment in all four industrial cities in which it operates.



#### FIRST PRODUCED QUANTITIES

#### > PRODUCED QUANTITIES FOR THE ENERGY SECTOR

The produced quantities by the electricity sector in 2022 for Marafiq was 10,877 GWH comparing to the quantities produced during 2021 which was 9,894 Watts representing an increase of approximately 983 GWH or 10%.

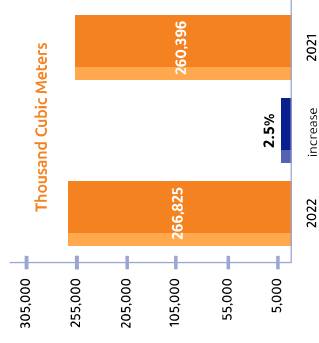


The following diagram shows the increase in the quantities produced for the energy sector during the year 2022 comparing to the year 2021.

➤ **PRODUCED AND TREATED QUANTITIES FOR THE WATER SECTOR**

» **DRINKING WATER & OPERATIONS**

The quantities produced of drinking water and operations of Marafiq in 2022 was 266,825 thousand cubic meters comparing to the quantities produced during the year 2021 which was 260,396 thousand cubic meters, representing an increase of approximately 6,429 thousand cubic meters or 2.5%.



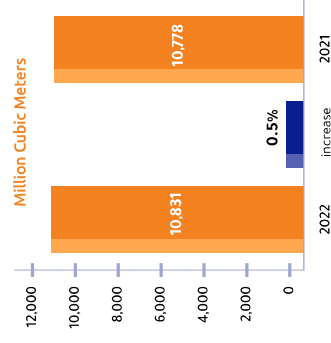
The following diagram shows the increase in the quantities produced for drinking water and operations during the year 2022 comparing to the year 2021



**SECOND QUANTITIES SOLD**

» **SEAWATER COOLING**

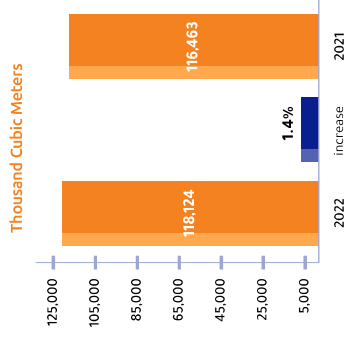
The quantities produced by Marafiq Seawater Cooling Company in 2022 was 10,831 million cubic meters comparing to the quantities produced during the year 2021 which was 10,778 million cubic meters with an increase of approximately 53 million cubic meters or 0.5%.



The following diagram shows the increase in the quantities of seawater cooled water produced during the year 2022 comparing to the year 2021.

» **INDUSTRIAL AND SANITARY TREATED WASTEWATER**

The quantities produced of treated industrial and sanitary wastewater for Marafiq in 2022 was 118,124 thousand cubic meters comparing to the quantities treated during the year 2021 which was 116,463 thousand cubic meters, with an increase of approximately 1,661 thousand cubic meters or 1.4%.

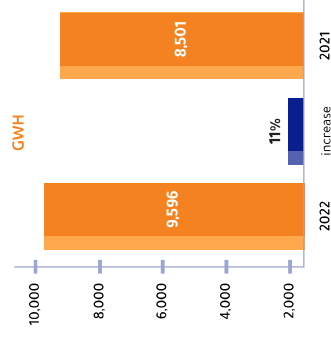


The following diagram shows the increase in the quantities produced for treated industrial and sanitary wastewater during the year 2022 compared to the year 2021

➤ **QUANTITIES SOLD TO THE ENERGY SECTOR**

The quantities sold to the energy sector in 2022 was 9,596 GWH comparing to the quantities sold during 2021 which was 8,501 GWH, an increase of approximately 1,095 GWH, or 11%.

Sales revenues for the year 2022 was SAR 1,688 million comparing to sales revenues for the year 2021 which was SAR 1,546 million, with an increase of SAR 142 million or 9.2%.



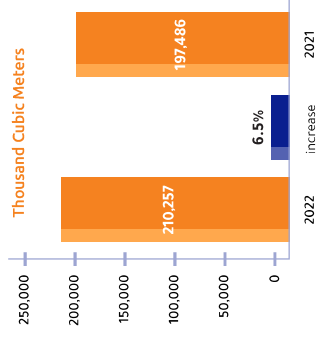
The following diagram shows the increase in the quantities sold to the energy sector during the year 2022 comparing to the year 2021.

➤ **QUANTITIES SOLD TO THE WATER SECTOR**

» **DRINKING WATER & OPERATIONS**

The quantities sold of drinking water and operations in 2022 was 210,257 thousand cubic meters comparing to the quantities sold during the year 2021 which was 197,486 thousand cubic meters, with an increase of approximately 12,771 thousand cubic meters, or 6.5%.

Sales revenues for the year 2022 was SAR 1,551 million comparing to sales revenues for the year 2021 of SAR 1,460 million, representing an increase of SAR 90.6 million or 6.2%.

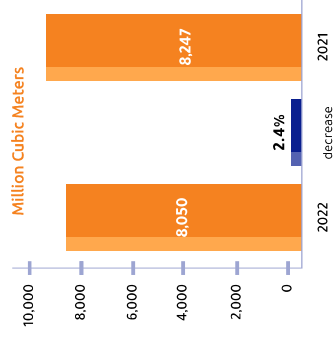


The following diagram shows the increase in the quantities sold for drinking water and operations during the year 2022 comparing to the year 2021.

» **SEAWATER COOLING**

The quantities sold of drinking water in 2022 was 8,050 million cubic meters comparing to the quantities sold during the year 2021 which was 8,247 million cubic meters, representing a decrease of approximately 197 million cubic meters or 2.4%.

Sales revenues for the year 2022 was SAR 508 million comparing to sales revenues for the year 2021 of SAR 521 million, with a decrease of SAR 13 million or 2.5%.



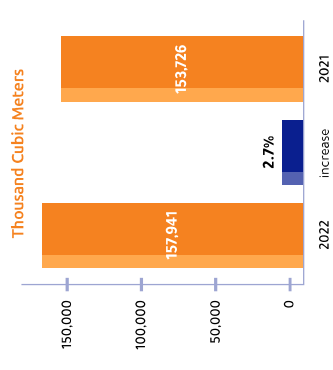
The following diagram shows the decrease in the quantities sold of seawater cooling during the year 2022 comparing to the year 2021

» **INDUSTRIAL AND SANITARY TREATED WASTEWATER**

The quantities sold of treated industrial and sanitary wastewater in 2022 was 157,941 thousand cubic meters comparing to the quantities sold during the year 2021 which was 153,726 thousand cubic meters, with an increase of approximately 4,215 thousand cubic meters or 2.7%.

Sales revenues for the year 2022 amounted to SAR 321 million comparing to sales revenues for the year 2021 of SAR 311 million, representing an increase of SAR 10 million 3.2%.

- Irrigation water is included in the total quantities sold of treated industrial and sanitary wastewater.



The following diagram shows the increase in the quantities sold of treated industrial and sanitary wastewater during the year 2022 comparing to the year 2021.

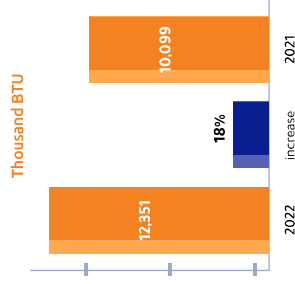
➤ **QUANTITIES SOLD TO THE GAS SECTOR**

Yanbu Gas Distribution Utility procures gas from Saudi Aramco by supplying gas from large-capacity pipelines and distributing it to small beneficiaries in the Light Industrial Area to ensure safe and reliable sales gas distribution network operations.

The quantities sold of gas in 2022 was 12,351 thousand British thermal units comparing to the quantities sold during the year 2021 which was 10,099 thousand British thermal units, with an increase of approximately 2,252 thousand British thermal units or 22%.

Sales revenues for the year 2022 was SAR 79 million comparing to sales revenues for the year 2021 which was SAR 64 million, an increase of SAR 15 million or 23.4%.

The following diagram shows the increase in the quantities sold for gas during the year 2022 comparing to the year 2021.



### ➤ QUANTITIES SOLD TO THE GAS SECTOR

This segment shows the performance of the business from the contractual transactions between Marafiq Electricity and Water Supply Company (Tawreed) and Jubail Water and Power Company (JWAP) where Tawreed Company purchases the entire production of water and electricity from JWAP and sells the same to: the main buyer, the Saline Water Conversion Corporation and Marafiq.

The quantities sold of electricity in 2022 was 22,569 GWH comparing to the quantities sold during 2021, which amounted to 21,028 GWH, an increase of approximately 1,541 GWH or 7.3%.

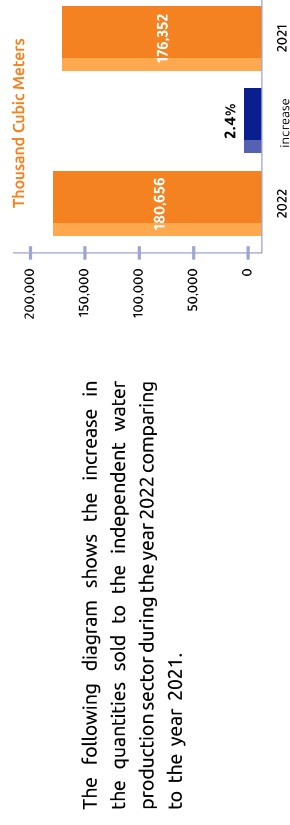
Sales revenues from electricity for the year 2022 was SAR 1,666 million comparing to sales revenues for the year 2021 of SAR 1,619 million, with an increase of SAR 47 million, or 2.9%.



The following diagram shows the increase in the quantities sold to the independent energy sector during the year 2022 comparing to the year 2021

With regard to the quantities sold of water in 2022, it was 180,656 thousand cubic meters comparing to the quantities sold during the year 2021, which was 176,352 thousand cubic meters, with an increase of approximately 4,304 thousand cubic meters or 2.4%.

Sales revenues from water for the year 2022 was SAR 619 million comparing to sales revenues for the year 2021 of SAR 600 million, representing an increase of SAR 19 million or 3%.



The following diagram shows the increase in the quantities sold to the independent water production sector during the year 2022 comparing to the year 2021.

### ➤ GEOGRAPHIC ANALYSIS OF SALES REVENUES

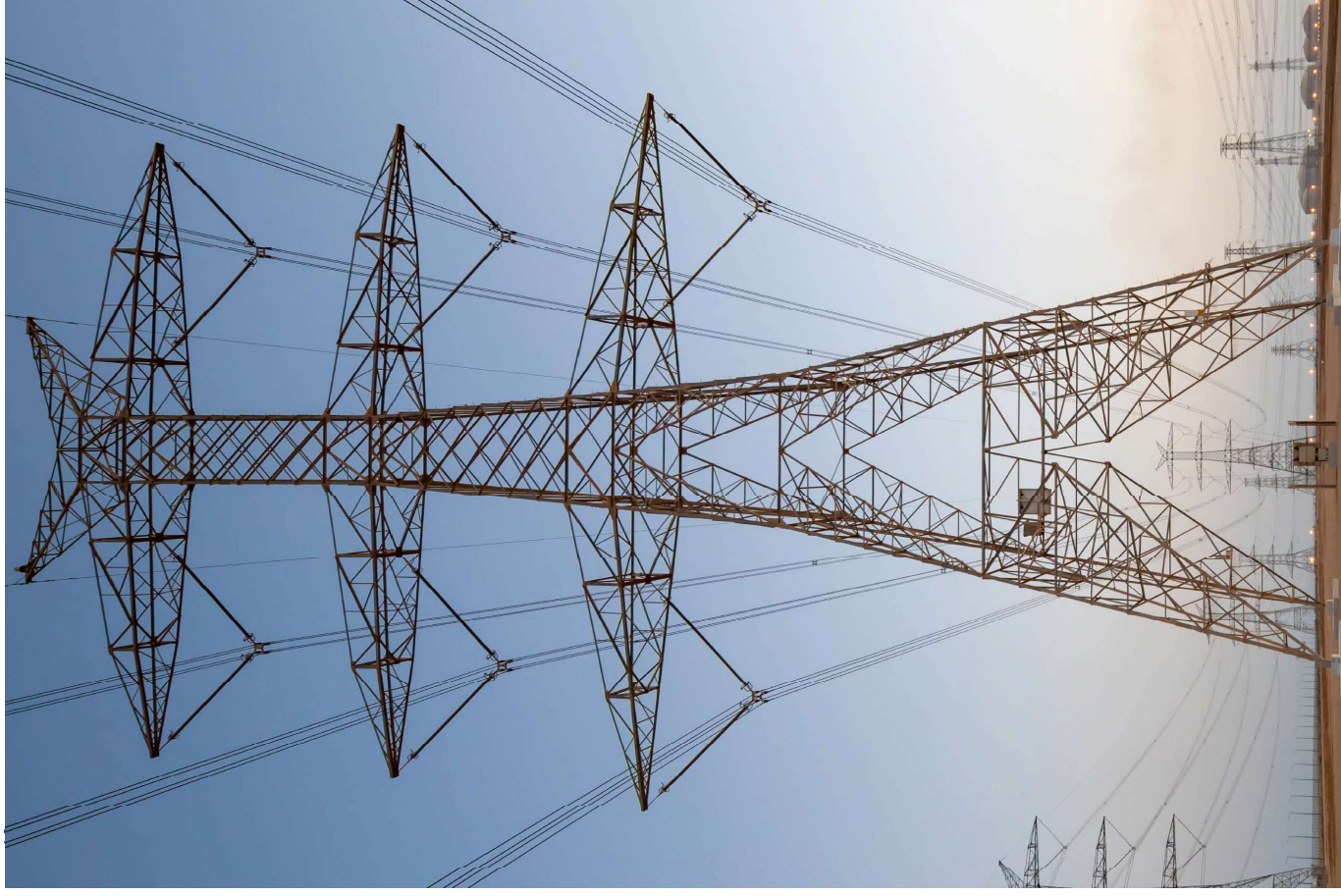
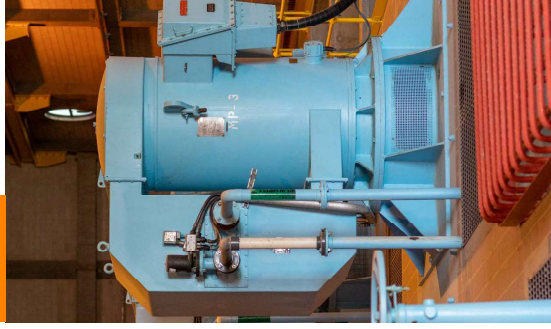
The following table shows the total value of revenue by geographical area:

Geographic area	Revenue (Million Riyal)	Percentage of revenue
Jubail Industrial City	4,160.49	64%
Yanbu Industrial City	2,219.38	34%
Ras Al Khair City	59.81	1%
Jazan City for Basic and Manufacturing Industries	65.41	1%
Total	6,505.09	100%

## SUBSIDIARIES, JOINT VENTURES OPERATIONS AND INVESTMENT COMPANIES BY EQUITY

### ➤ MASA Services Company for Operation and Maintenance (MaSa)

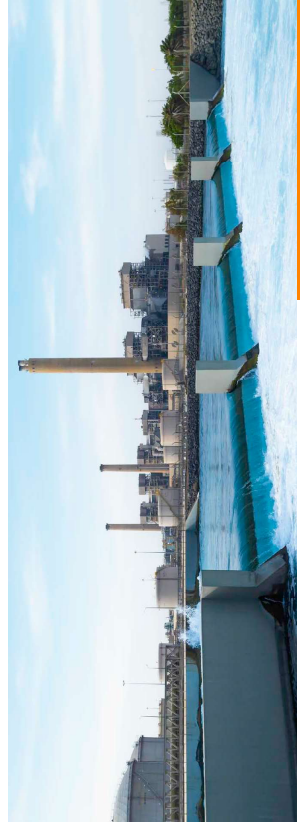
MASA Services Company for Operation and Maintenance ("MaSa") was incorporated on 26 December 2011G as a limited liability company registered in Jubail. MaSa is completely owned by the Company, and its share capital is SAR 35,000,000. Previously, MaSa was a joint venture with the French water infrastructure company SAUR International SAS, but SAUR's stake in MaSa has been acquired by the Company in 2021G and it is now a wholly owned subsidiary, which resulted in the cost savings of SAR 56 million. According to its Commercial Registration, MaSa's activities include water collection, water desalination, water transport and distribution, reduce water salinity, and sewage disposal. MaSa is responsible for the operation and maintenance of seawater cooling (Jubail only), Reverse Osmosis (RO) production plant (Jubail only and JCPDI), the process water network (Yanbu only), and the potable water network (Jubail, Yanbu, JCPDI and RIC) as well as sanitary and industrial collection and treatment systems (Jubail, Yanbu, JCPDI and RIC).



➤ **Marafiq Water and Power Supply Company (Tawreed)**

Marafiq Water and Power Supply Company ("Tawreed") was incorporated on 16 December 2006G as a limited liability company registered in Jubail.

According to its Commercial Registration, Tawreed's activities include electric power generation, distribution and wholesale of electric power, water desalination, water transport and distribution, wholesale of desalinated water, water transport through pipelines, natural gas transport through pipelines, and operation and maintenance of pumping stations and pipelines.



➤ **Marafiq Insurance Limited (MIL)**

Marafiq Insurance Limited (MIL) is a captive insurance company, registered in 2005/12/23G. It is wholly owned by the Company and underwrites the property and machinery breakdown insurance of the Company.

➤ **Jeddah Althaniya Operation and Maintenance Company (Jeddah O&M Co.)**

Jeddah Althaniya Operation and Maintenance Company ("Jeddah O&M Co.") was established on 16 May 2019G as a limited liability company registered in Jeddah. The Company owns 49% shareholding with Veolia Middle East Company owning the remaining 51%.

According to its Commercial Registration, Jeddah O&M Co.'s activities include operation of sewage treatment networks and facilities and establishment of sewage stations, projects, networks, and pumps.



➤ **Jeddah Althaniya Water Company (Jeddah Project Co.)**

Jeddah Althaniya Water Company ("Jeddah Project Co.") was established on 12 September 2019G as a closed joint stock company registered in Jeddah. The Company owns 45% shareholding while Veolia Middle East Company and Alamwal Al-Khaleejiah Al-Thaniya Company own 20% and 35% of the shareholding, respectively.

➤ **Jubail Water and Power Company ("JWAP")**

Jubail Water and Power Company ("JWAP") was incorporated on 23 April 2007G as a Saudi closed joint stock company, established pursuant to Royal Decree No. M/27 dated 1428/03/21H.

As at the date of this Report, JWAP authorized and paid-up share capital is (SAR 882,500,000) divided into 88,250,000 ordinary shares with a par value of SAR 10 per share, of which the Company owns a %30 shareholding. The table below shows the shareholding structure of JWAP as at the date of this Report:



➤ **Jubail and Yanbu District Cooling Company**

Jubail and Yanbu District Cooling Company is a limited liability company, established on 24/02/1431H. Its capital is SAR 1,000,000, and the Company owns 20% thereof. This company is one of the Company's Subsidiaries by virtue of the Company's control over its board of directors, as it has the right to appoint half of the directors according to Jubail and Yanbu District Cooling Company's articles of association.

The following is a summary of Marafiq's joint ventures and subsidiaries:

Company Name	Capital	Ownership	Main Objectives	Domicile	Foundation Country
MaSa Services Company for Operation and Maintenance	35,000,000	100%	Water collection, desalination, transport and distribution, water salinity reduction and wastewater disposal	KSA	KSA
Marafiq Water and Power Supply Company	1,000,000	100%	Electric power generation, desalination, sale of desalinated water, transmission of natural gas, operation and maintenance of pumping stations and related pipelines	KSA	KSA
Marafiq Insurance Limited	6,000,000	100%	Insurance of property and machinery failures of the company	Guernsey	Guernsey
Jeddah Althaniya Operation and Jeddah Althaniya Operation and Maintenance Company	300,000	49%	Operation of sewage treatment networks and utilities and construction of sewage plants, projects and pumps	KSA	KSA
Jeddah Althaniya Water Company	500,000	45%	Operation of sewage treatment networks and utilities	KSA	KSA
Jubail Water and Power Company	882,500,000	30%	Power generation and water production	KSA	KSA
Jubail & Yanbu District Cooling Company	1,000,000	20%	Cooling	KSA	KSA

# FUTURE DEMANDS AND RISKS

42 Future Demands  
44 Risks



## FUTURE DEMAND

Marafiq is an integrated hub that provides reliable and sustainable services in strategically important coastal industrial cities in the Kingdom, where the Company provides a diverse system of services including water services in Jubail Industrial City, electricity, water services and gas distribution in Yanbu Industrial City. In addition, Marafiq has been selected by the Royal Commission to be the exclusive provider of energy and water services to Jazan Industries City as well as the water service provider in Ras Al-Khair City. Marafiq therefore does not compete with any of these service providers in these industrial areas. All four cities in which the group operates are strategically important to the Saudi economy. With a large number of petrochemical utilities, refineries and other complementary industrial units including several large-scale joint ventures, all the plants being developed in these industrial zones are driving demand for the Company's utilities services.

Marafiq also has access to several growth opportunities in the Royal Commission's service areas as well as seeking to be a provider of power, water and wastewater treatment utilities

- » Annual potable water sales are expected to grow by an average of 2.4% in Jubail and 3.8% in Yanbu between 2022G and 2026G.
- » Treated water sales are expected to grow by an annual average of 3.4% in Yanbu between 2022G and 2026G.
- » Annual sewage wastewater sales are expected to grow by an annual average of 4.3% in Jubail and 4.3% in Yanbu between 2022G and 2026G.
- » Industrial wastewater sales are expected to grow by an annual average of 0.8% in Jubail and 3.8% in Yanbu between 2022G and 2026G.
- » Irrigation water sales are expected to grow by an annual average of 2.1% in Jubail and 2.0% in Yanbu between 2022G and 2026G.
- » Electricity sales are expected to grow by an annual average of 6.5% in Yanbu between 2022G and 2026G, representing a 26% increase to 2026G.
- » Seawater cooling sales are expected to grow by an annual average of 0.7% in Jubail and 4.2% in Yanbu between 2022G and 2026G.
- » Demand for sales gas distribution is expected to grow by an annual average of 2.6% between 2022G and 2026G, representing a 10% increase in total quantity (one million Btus).

The Company also continuously assesses the needs of its factories and equipment for the necessary maintenance operations that are carefully planned, and therefore it is expected that the Company will carry out a number of periodic maintenance operations during the year 2023, as there is no material impact on the Company's operations in providing services to all its industrial and individual customers.

The Company is also working to achieve the growth of its business through the opportunities available within the cities of the Royal Commission, in addition to participating in some of the projects offered in relation to tenders for the development of projects at the level of the Kingdom, where the Company obtained the approval of the Royal Commission in Jubail on the proposed business model to carry out the development, operation and maintenance of the gas network in the manufacturing area (Plaskim) in Jubail Industrial City, which will contribute to attracting investors in this area.

The Company is also working in cooperation with one of the partners to develop a specialized industrial wastewater treatment plant in Jubail Industrial City to provide service to one of the main industrial customers to treat and round approximately 20,000 m<sup>3</sup>/day.



## RISKS

The Company has established an integrated risk management system that works with a consistent methodology and high comprehensiveness to ensure the continuity of the Company's business in order to achieve its goals and aspirations, while adhering to all requirements and regulations and ensuring the application of the latest systems and methods in all fields. The risk factors may not include all the risks that the Company may encounter, and additional risks may exist that are not currently known by the Company, or that may be deemed immaterial but may nevertheless affect the Company's operations.

During the year 2022, the Board of Directors formed the Executive and Risk Committee to identify, understand and manage the risks that may face the Company, so that the Company's management prepares detailed reports on the risks facing the Company. These reports are presented to the Executive Committee and the risks are periodically submitted. The Committee then makes recommendations to the Board regarding the adequacy of actions taken to reduce the impact of those risks. In addition, it recommends either the continuation of the same measures or additional measures to reduce the impact of those risks.

### MAIN RISK CLASSES



RISKS RELATED TO THE GROUP'S BUSINESS AND OPERATIONS



RISKS RELATED TO THE MARKET, SECTOR AND REGULATORY ENVIRONMENT

### ➤ Risks related to the group's Business and Operations

#### Risks related to malfunctions and interruptions or shutdowns to which the Group's industrial facilities may be subject

Because the Group's business relies on the operation of industrial facilities specialized in providing water, energy and gas services, these industrial facilities may be subject to technical failures and risks, including, but not limited to, the unexpected and unplanned breakdown of some of the Group's facilities. Although these interruptions were not material to the Group's business, there is no guarantee that they will not occur in the future or that any material interruptions to the Group's business will not occur in the Group's facilities as a result of technical malfunctions. The Group may not be able to operate the industrial facilities at the expected level to meet the needs of its customers in terms of production or efficiency and effectiveness or it may run them at a lower capacity than their actual capacity. There are other risks that, if they occur, may result in a decrease in the Group's revenues and profitability, unexpected maintenance and operating costs or the Group's inability to meet its obligations to third parties.

### ➤ Risks related to natural events and disasters

Any damages suffered by the Group's industrial facilities or employees caused by natural disasters beyond the Group's control, such as floods and earthquakes and acts of sabotage, such as acts of violence and actions targeting the Group's facilities or employees, could result in significant and enormous costs for the Group. In the event of natural disasters or other acts of sabotage and damage to the Group's industrial facilities, this will affect its ability to conduct its business and meet its obligations, which may reduce its future operational results. This would have a material adverse effect on the Group's business, results of operations, financial position or future prospects, & therefore the Company's share price. The production levels of the Group's



projects as well as the energy and water consumption levels of the Group's customers may depend on weather conditions in general. The Group conducts a study during the development phase to assess the frequency of the aforementioned weather conditions. However, such conditions fall outside the control of the Group and could vary significantly from one period to another as a result of climate change. They are also subject to seasonal changes, and therefore are difficult to predict. This variation, in addition to weather conditions in general and unusual bad weather conditions, may therefore lead to variations and fluctuations in production and profitability levels, which could adversely and materially affect the Group's business, results of operations, financial position or future prospects, and thus the Company's share price.

### ➤ Risks related to the insurance coverage of the Group's business

The Group has a number of insurance policies to cover risks arising from its business or operations, as well as employee health insurance and property insurance. However, the Group's business may be exposed to a number of risks against which it may not be adequately insured (e.g. insurance against business disruptions, which the Company has decided not to obtain after examining its need for it and the absence of disruptions in previous years requiring such insurance coverage, taking into account the costs it would incur for such insurance), or which cannot be fully insured against or cannot be insured against at reasonable commercial rates. The Group cannot guarantee that its current insurance coverage is adequate to protect it from the aforementioned risks, which may result in significant financial losses, third-party claims for personal injury, accidents in the course of operations or loss resulting from property damage



The coverage provided by the Group's insurance policies may be discontinued, and future insurance coverage may not be available at reasonable commercial prices. If the insurance policies are not renewed within the current scope of coverage and under commercially acceptable terms, or if they are not renewed at all, or if there is no insurance or insufficient insurance for the different fields of the Group's business, this would have a material adverse effect on the Group's business, financial position, results of operations and future prospects, and therefore the Group's share price.

### ➤ Risks related to the handling, storage or disposal of hazardous substances

The Group's business activities, including sanitary wastewater treatment, include the use, treatment, storage, transportation and/or disposal of hazardous substances, chemicals and waste. These activities pose risks related to environmental responsibilities and potential damage to the Group's reputation.

Pollution, leakage and emission of hazardous material are common environmental risks in the energy and water sectors. The Group follows a number of environmental and safety standards set by the Royal Commission in the industrial cities where it operates in order to reduce pollution rates and environmental risks in general. These laws, regulations, requirements, etc. govern the production, storage, handling, use, disposal and transportation of hazardous materials, as well

as the emission and discharge of hazardous substances into the ground, air or water, and the treatment of migratory birds, endangered animals and plants species.

Pursuant to applicable environmental laws and regulations, the Group may be held liable for emissions of hazardous material at its facilities or customer facilities, including if such emissions pollute the air, water or soil or cause personal injury. The Group may be liable if it generates hazardous materials or waste, arranges for their transport, disposal or treatment or transports them itself and they leak or cause any damage. In particular, any accident caused by these emissions can cause serious damage to the environment, staff, neighbouring populations and Group customers, exposing the Group to serious consequences that may not be covered by insurance policies. If any of these risks occur, the Company may be subject to fines or penalties from the competent authorities, and this may have an adverse effect on the Group's business, results of operations, financial position and future prospects, and therefore the Company's share price.

### ➤ Risks related to licensing, permits and corporate registration requirements

The Group currently owns a number of permits and licenses necessary to operate its business, including water, power and gas services, issued by the relevant regulatory authorities, including WERA, the Royal Commission, the Ministry of Energy, the Ministry of MEWA.

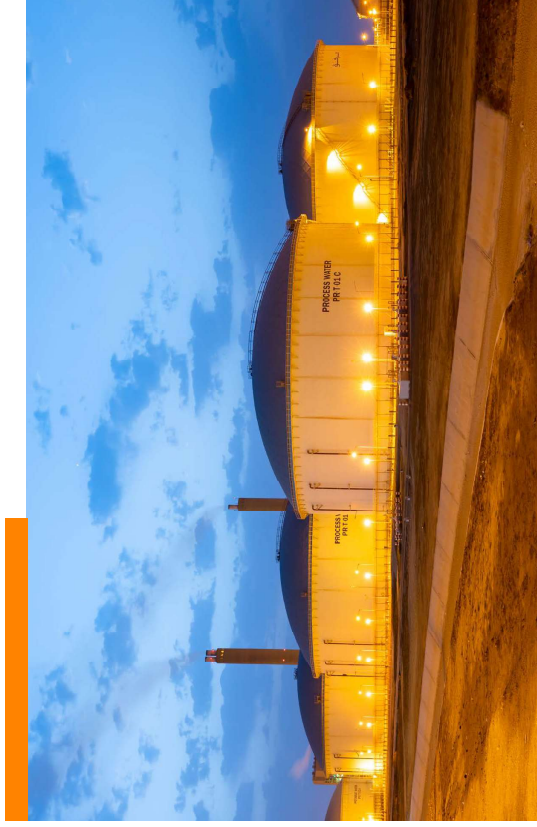
Permits, licenses and approvals are generally subject to periodic renewal. Furthermore, most licenses state that if the relevant company fails to comply with the relevant license requirements, it may face financial penalties or have its licenses suspended or terminated.

There is no guarantee that the relevant authority will renew the relevant license or amend it while maintaining the same scope of work as before such renewal or amendment. In addition, the competent authority may impose onerous conditions on the Company or any of its Subsidiaries in the event of such renewal (for example, due to a difference in interpretation by the Group and the regulator regarding the legal requirements and standards or other relevant matters). While the Group believes that the Company or its Subsidiaries have obtained all necessary licenses for its operations, there is no guarantee that no additional licenses will be requested in the future. If the Company or any of its Subsidiaries is unable to obtain the relevant license or renew an existing license on similar terms, it may materially affect its operations and, in some limited circumstances, may result in the project being cancelled or the relevant plant being shut down.

It should be noted that the Company operates in the industrial water services business (collecting and treating industrial water, distributing and selling process water) without obtaining the necessary licenses under the Water Law and its implementing regulations because the regulator has not yet begun issuing licenses for these activities. If the regulator starts issuing such licenses, it may impose certain conditions that result in additional expenses and costs for the Company.

➤ Risks related to the Group's inability to commence operation of its projects as planned and within the project time limit

As at the date of this report, the Company is completing construction work for several projects, including the expansion of sanitary and industrial wastewater plants in Jubail Industrial City and Jeddah Althaniya. It should be noted that there is a delay in completing the construction works related to the Jeddah Althaniya project due to the contractor's delay, which may lead to the inability to operate the project on the expected COD. This may result in a breach of agreements. The Group may fail to start the operation of such current or future projects or experience a delay in doing so because certain requirements must be met, including obtaining the necessary financing or preparing infrastructure, which depends on the contractors appointed by the Company, in addition to other factors involved in project construction work which are beyond the Company's control. There is no guarantee that they will be generally operated in accordance with their original plans, especially since the implementation or construction of some projects depends on third-party services that are beyond the Company's control. Delays or failures to operate such projects in general due to delays in implementation or construction by third parties, or for any other reason, may have a material adverse effect on the Group's business, results of operations, financial position or future prospects.



➤ Risks related to the Group's inability to develop or acquire new technologies or services

The Group's growth is dependent on its ability to continue developing or acquiring new technologies, services and solutions, as well as adapting its business to meet the needs of its customers, among other factors. These factors include its ability to innovate and develop new technologies, adapt its services and solutions to meet the needs of the targeted customers, identify emerging technological and other trends related to the targeted customers, develop or acquire competitive and innovative technologies and services, particularly in the digital sphere and bring them to market quickly and cost-effectively. In particular, the Group's customers require a great degree of efficiency in all services provided to them, as well as digital capabilities to monitor and manage these services. If the Group is unable to meet the aspirations of its customers or provide excellent products, services and solutions, or encounters significant delays in the development of new technologies and digital offerings, the Group may lose key customers or future offers and opportunities, which could have a material adverse effect on the Group's business, results of operations, financial position or future prospects.

➤ Risks related to IT and cybersecurity

The Group is reliant on the uninterrupted operation of its IT technical infrastructure, which consists of a complex and sophisticated suite of computers, communication systems, supervisory monitoring and control systems, data processing systems and data acquisition and monitoring systems. If the Group's IT infrastructure, including support, backups and service recovery procedures, fails or is disrupted for any reason, such failures or disruptions may lead to a significant increase in costs (e.g., repair costs) with a marked reduction in the available production capacity, actual production and important data in the Group or its Subsidiaries, which, in turn, may result in losses for the Group and its Subsidiaries.

The systems and electronically stored information can be susceptible to malware, pirating, cybercrime and other similar disruptions caused by unauthorized use of such systems, which may result in the loss of important data. The Group may be unable to develop or acquire competitive technology capable of meeting the Group's business requirements. Furthermore, the Group may lack sufficient resources to invest in technology that will allow it to compete and efficiently protect information and operating systems, which could adversely and materially affect the Group's business, results of operations, financial position or future prospects, and therefore the Company's share price.

### ➤ Risks related to the price volatility of certain raw materials and power prices on the Group's costs

The Group is exposed to high risks with respect to the fluctuation in prices and availability of certain commodities such as chemicals, spare parts, fuel and gas supplied by the Saudi Government, which has a direct impact on the capital expenditures and costs incurred by the Group. If the Group is unable to address price fluctuations by continuously improving production processes and negotiating the prices of these products to reduce the Company's costs, these price fluctuations may have a negative impact on the costs paid by the Group, which would adversely and materially affect the Group's business, results of operations, financial position or future prospects, and therefore the Company's share price.

The Group's operations are affected by the extent and speed with which it can overcome price and cost increases in raw materials, energy, transportation, and other cost components. The Group's ability to overcome these price increases for the key materials required to provide its services is dependent on competitive market conditions, the terms and conditions of its contracts with its suppliers and the pricing methods in the sector it works in.

The Group is also vulnerable to risks associated with its suppliers' supply chains, which it relies on for the production of commodities such as chemicals, spare parts and other items that have a direct impact on the Company's production. If the Group is unable to address the malfunction of its suppliers' supply chains or find alternative suppliers to supply the products required to carry out its activities, these factors could adversely and materially affect the Group's business, results of operations, financial position or future prospects, and therefore the Company's share price. The Group cannot guarantee that fluctuations in raw material and energy prices, as well as supply chain failures, will not have an impact on the Group's profitability or cause losses. In the event of the occurrence of any of these risks, this would adversely and materially affect the Group's business, results of operations, financial position or future prospects, and therefore the Company's share price.



### ➤ Risks related to the Group's inability to commence operation of its projects as planned and within the project time limit

As at the date of this report, the Company is completing construction work for several projects, including the expansion of sanitary and industrial wastewater plants in Jubail Industrial City and Jeddah Althaniya. It should be noted that there is a delay in completing the construction works related to the Jeddah Althaniya project due to the contractor's delay, which may lead to the inability to operate the project on the expected COD. This may result in a breach of agreements. The Group may fail to start the operation of such current or future projects or experience a delay in doing so because certain requirements must be met, including obtaining the necessary financing or preparing infrastructure, which depends on the contractors appointed by the Company, in addition to other factors involved in project construction work which are beyond the Company's control. There is no guarantee that they will be generally operated in accordance with their original plans, especially since the implementation or construction of some projects depends on third-party services that are beyond the Company's control. Delays or failures to operate such projects in general due to delays in implementation or construction by third parties, or for any other reason, may have a material adverse effect on the Group's business, results of operations, financial position or future prospects, and therefore the Company's share price.

### ➤ Risks related to contracts and agreements entered into with Related Parties

The Company enters into transactions with many related parties (i.e., its affiliates and shareholders) (the "Related Parties") as part of its ordinary course of business, including with the Royal Commission, Saudi Aramco and its subsidiaries, the Public Investment Fund, SABIC subsidiaries, Tawreed, JWAP and MaSa Services Company for Operation and Maintenance, which are all entered into on an arm's length basis. The most important of these transactions are real estate and asset lease agreements with the Royal Commission; gas and fuel supply agreements with Saudi Aramco; operating and maintenance agreements with MaSa; water supply agreement with JWAP; energy and water sales agreement with Tawreed; and utility users' agreements with Saudi Aramco.

The success of the Group is highly dependent on the continuation of relations with the Related Parties, in particular because the Royal Commission is the sole lessor in the four industrial cities where the Company operates (i.e., Jubail, Yanbu, RIC and JCPDI), and because Saudi Aramco is the only gas and fuel supplier in the Kingdom. Expiry or termination of certain contracts or relationships will have a material adverse effect on the Group's business, results of operations, financial position or future prospects.

### ➤ RISKS RELATED TO THE MARKET, SECTOR AND REGULATORY ENVIRONMENT Risks related to the regulatory environment and regulatory changes

The Group's activities and business in the Kingdom are subject to a number of laws and regulations, which are applied by a number of Government entities in accordance with Government policies and directives, including the Companies Law and the Foreign Investment Law (to which JWAP, Jeddah O&M, and Jeddah Project Company are subject due to the presence of foreign investments therein), as well as the Labor Law and the regulations, rules, laws and regulatory standards related to power and water services that the Group must comply with. Since the applicable laws in the Kingdom may change or be modified, compliance with these laws and regulations may result in the Group incurring additional costs or being subject to fines or penalties (which, in some cases, may amount to revoking the license granted to it by the competent authority) if no change is made in its business or services to comply with the requirements of these laws, resulting in additional unexpected costs, which would adversely and materially affect the Group's business, results of operations, financial position or future prospects.

It should be noted that the Saudi Government plans to improve the quality of life and protect future generations in the Kingdom. This includes the Saudi Green Initiative, which will contribute to increasing reliance on clean energy, reducing carbon emissions, combating climate change and reaching carbon neutrality (net zero emissions) by 2060G. This will be achieved through several methods, including (1) establishing a platform for trading and exchanging carbon insurance and compensation in the MENA region, and (2) generating electricity from renewable energy sources such as solar or wind energy sources. The Kingdom's plans also include a strategy to reduce oil product consumption and encourage consumers to replace them with natural gas. In light of this, a number of laws, rules and regulations that apply to the Group and its subsidiaries and operations may be issued under such initiatives and strategies, the implementation of which may result in the Group incurring additional costs. In the event that a decision is issued obliging companies operating in the relevant sector (including the Group's companies) to follow certain procedures to comply with such regulations and resolutions, this may require additional expenses and costs. If the Government does not subsidize the costs related to implementing such procedures, the Company will bear considerable expenses to

implement them, including making modifications to some of its plants and shutting down others. This may have an adverse effect on the revenues of the Group and its subsidiaries, increase its costs or liabilities, limit its ability to realize expansion plans or implement objectives, or result in the loss of licenses, which would adversely and materially affect the Group's business, results of operations, financial condition and future prospects.

Based on the continuous growth of the regulatory environment in the Kingdom of Saudi Arabia, a

number of laws, rules and regulations that apply to the Group, its subsidiaries and its operations are new or constantly updated, as the Water Law and the Electricity Law entered into force on 09/11/1441H and 14/05/1442H, respectively. Given that these laws, rules and regulations are new, the Company is unable to assess the impact on its financial position and operations which may have a negative impact. This may have a negative impact on the Group's and its Subsidiaries' revenues, increase its costs or liabilities, limit its ability to achieve expansion plans, implement objectives or result in the loss of licenses, which would adversely and materially affect the Group's business, results of operations, financial position or future prospects.



### ➤ Risks related to high operational and maintenance costs, Group product and service prices and industrial city water and electricity tariffs

The majority of the Group's revenues (excluding revenues from Sadara Company and the JWAP Project, which are not subject to tariffs set by regulatory authorities) are generated from operations in the water and electricity sectors that are subject to tariffs set by regulatory authorities and may not be appropriately adjusted in the future. The tariff imposed by the Group on its customers is subject to economic regulation because the Group is currently the sole supplier of water, electricity, and gas services in the four industrial cities, which are essential to the Group's customers. In particular, COM No. (57) states that services shall be provided to industrial beneficiaries in accordance with a tariff based on the commercial cost of services. The tariff imposed on electricity supply is determined and adjusted by the Board of the WERA. The Royal Commission will be responsible for determining the tariffs for industrial water services as at the date of this Report. For more information about the regulatory authorities relevant to the sectors in which the Group operates.

As at the date of this report, the tariffs imposed on the water and electricity services provided by the Company had not been adjusted in the past three years. The tariffs are subject to periodic revisions by the regulatory authority. However, the Company is at risk of regulatory authorities failing to adjust and increase the tariff in proportion to the Group's costs, or at all, in the future. Decisions made by regulatory authorities regarding the determination of the tariff imposed by the Company on its customers may not serve the interests of the Group, which may result in a decrease in the Company's profitability or even loss. Under COM No. 57 issued on 28/03/1420H

and other subsequent resolutions, Marafiq is responsible for providing consistent services in the industrial cities where it operates. As a result, it does not have the option to transfer operations or provide services only to customers who are not subject to the regulated tariff. The regulatory authorities may decide in the future to set the tariff at prices that do not support the Group's current or expected future profit margins, which could adversely and materially affect the Group's business, results of operations, financial position and future prospects.

In addition, COM No. (11) dated 14/02/143H sets an intensive tariff for electricity consumption. This tariff applies to certain enterprise categories that operate in qualified sectors and activities as determined by a new committee led by the MOE and comprised of the Ministry of Finance, Ministry of Investment, Ministry of Economy and Planning, WERA and the Local Content and Government Procurement Authority (LCGPA) (it does not include the governmental and residential sectors, institutions, charities and cooperatives and private health enterprises and educational enterprises). The resolution also states that any shortfall in electricity sector income caused by the implementation of this intensive electricity consumption tariff will be compensated for through unqualified enterprises' consumption tariffs in the industrial, commercial, and agricultural sectors. As at the date of this Report, the mechanism to compensate for the shortfall in the Company's revenues as a result of applying the heavy tariff due to the nature of the Company's location and business or how it will affect its financial position or unqualified customers is not clear to the Company. The Company is working with the regulatory authorities to calculate the financial impact of applying the heavy tariff based on the approved regulations. Based on the Company's preliminary assessment, this may adversely impact the cash flow and reduce the revenues.

The Group's performance is dependent on its ability to maintain profitability by applying the approved prices its water and energy services and products, as well as its ability to raise the capital and operational performance and the Company will submit to the regulatory authorities in an orderly manner any production or service cost increase, including any future rise in power or fuel prices to take into account when approving tariffs for each of the services and products provided and the Company will incur additional costs if the tariff is not raised. This could adversely and materially affect the Group's business, results of operations, financial position, or future prospects.

It should be noted that the Group has implemented numerous cost-cutting plans, but these plans may not have the desired results. If the expected outcomes of such plans are not realized, significant costs may be incurred. Also, the implementation of such plans may be more difficult than anticipated, and this could adversely and materially affect the Group's business, results of operations, financial position, or future prospects.

#### ➤ Risks related to legal disputes

Many aspects of the Group's business involve potential litigation risks. The Group may be subject to lawsuits brought by third parties, partners in subsidiaries and associate companies, suppliers, employees or regulatory authorities. The Group makes no guarantees about the final outcomes of these lawsuits or the amounts that may be incurred as a result of such lawsuits and judicial

proceedings. As a result, any negative outcomes from such lawsuits and judicial proceedings could adversely and materially affect the Group's business, results of operations, financial position and future prospects.

In the four industrial cities where it operates, the Company and its Subsidiaries have contracts with a variety of third parties, including suppliers, buyers and industrial and urban customers. In general, there is a risk of disputes arising in connection with any of these agreements, such as the failure to provide the agreed-upon services or meet the performance measures specified in such agreements. The Group sells its services and products to a wide range of customers, including a large number of industrial enterprises. Therefore, the Group may face claims, suits and judicial and administrative proceedings as a result of liability arising from the provision of such services and products. In addition, as at 31 March 2022G, the Company had 1,405 employees, making it vulnerable to conflicts and potential labour complaints. If the Group is subject to any judicial or administrative action that results in any judgment or set of judgments against the Group, and such judgment or combined judgments entail substantial amounts of damages, this could have a material adverse effect on the Group's business, financial position, results of operations or future prospects.

Such lawsuits and judicial proceedings may include, but are not limited to, violations or breaches of any of the applicable laws and regulations, including environmental laws and the Labour Law. The Group may be subject to significant liability under applicable laws and regulations, judicial or administrative resolutions or judgments, as well as rules and regulations issued by relevant regulatory authorities. The Group may incur significant expenses to defend itself against such claims.

#### ➤ Risks related to local & regional economy

The Group's performance is highly dependent on the economic situation in the Kingdom. Despite the Government's recent policies and efforts to diversify sources of income, the oil sector continues to contribute a significant portion of the Kingdom of Saudi Arabia's GDP. Future fluctuations in oil prices may have a negative impact on the Kingdom's economy and the government's balance sheet. Oil price fluctuations, particularly a substantial and significant drop in prices, may have a direct impact on the Kingdom's economic activity, including the water, electricity and gas sectors in which the Group operates. For example, the Government may cut costs and expenses. Furthermore, the Kingdom's economic growth rate has slowed in recent years, and the Kingdom is facing challenges related to relatively high rates of population growth. In the event of future changes in the economy, market or political conditions, this could adversely and materially affect the Group's business, results of operations, financial position or future prospects.

Furthermore, changes in macroeconomic factors or indicators in the Kingdom, such as economic growth, currency exchange rates, interest rates, inflation rates, wage levels, the volume of foreign investment and global trade, could adversely and materially affect the Group's business, results of operations, financial position or future prospect.

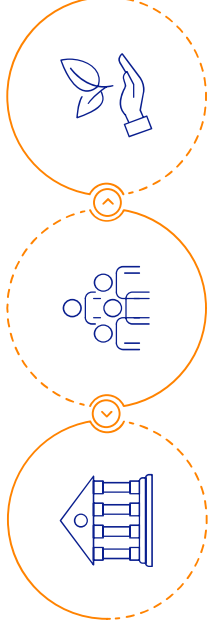
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

- 57 Company's Approach to Sustainability
- 58 Water Resources, Waste Management and Recycling
- 59 Greenhouse Gas Emissions
- 59 Environmental Governance
- 60 Occupational Health and Safety
- 61 Investment in Human Resources
- 63 Social Responsibility



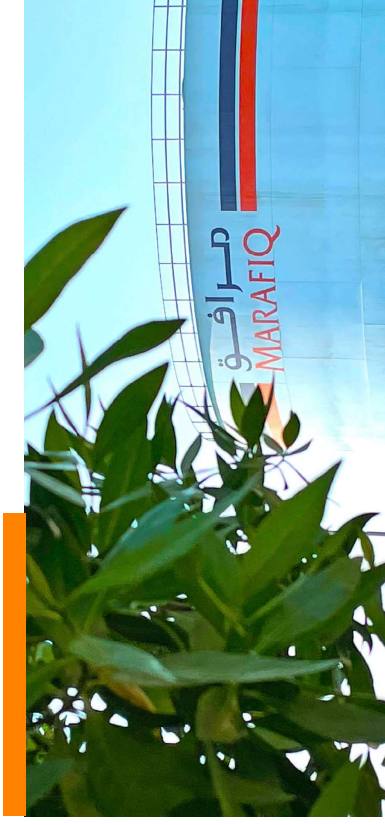
### COMPANY'S APPROACH TO SUSTAINABILITY

At Marafiq, we recognize the importance of sustainability, therefore, it is adopted rather than imposed,. Our long-term vision aims to enhance the positive environmental social and economic impacts in all areas of society in which the Company operates by making a balance between achieving profitability, protecting the environment, ,achieving growth and prosperity in the communities.



Within the framework of its developmental role to provide the needs of industrial areas with energy and water, Marafiq is targeting to reduce the negative impact on the environment by reducing the negative consequences resulting from operations, including:

- » Reducing greenhouse gas emissions
- » Reducing toxic emissions such as sulfuric oxides and nitrogen
- » Work to improve the performance of the operational units by raising energy efficiency and thus positively affect the quantities of fuel consumption, which reduces operating costs and reduces the negative effects associated with burning fuel.

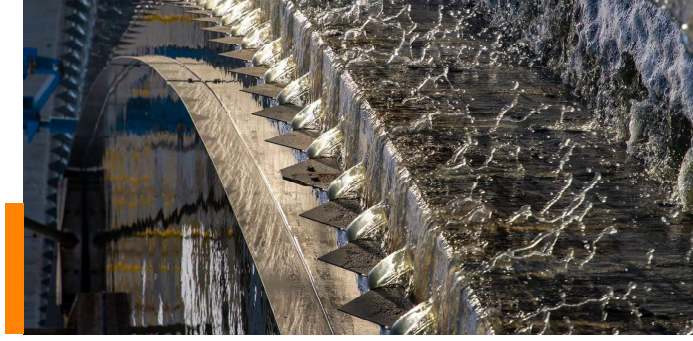


We also give importance to the topic of climate change to mitigate the harmful effects of climate change, by reducing carbon emissions, as we currently operate in a sector that relies mainly on burning fuels, our efforts focus on reducing consumption and adopting initiatives that have a positive impact on the environment around us.

## WATER RESOURCES, WASTE MANAGEMENT AND RECYCLING

Marafiq has strived to improve resource management efficiently through efficient processes that reduce resource utilization, reduce waste and manage biodiversity-related risks. Marafiq strives to manage waste effectively, through safe disposal, and we aim to prevent pollutants from entering the environment surrounding our communities,

We are also working to exploit carbon ash by using it as a secondary fuel in a cement plant, which achieves one of Marafiq's goals in increasing the reuse of waste from operational work. Healthy water has also been treated and fully re-consumed in the agricultural field in Yanbu Industrial City as water suitable for irrigation that conforms 100% to the relevant specifications and regulations, and treated industrial water has been reused in the agricultural field.



## GREENHOUSE GAS EMISSIONS

Marafiq tracks, records and monitors the concentration of emissions from power plants to ensure that it remains within the permissible limits. The Company also pays great attention to developing methods of reducing carbon emissions, which contribute to reducing gas emissions.



## ENVIRONMENTAL GOVERNANCE

The Company's policy is based on efficient material management, reuse and recycling in full compliance with the relevant laws and regulations in order to reduce the environmentally undesirable impact through proactive management and environmental impact monitoring where we manage operations in accordance with environmental regulations without prejudice to our responsibilities in meeting the energy and water needs of our partners with high reliability



## OCCUPATIONAL HEALTH AND SAFETY

The importance of occupational health and safety is at the top of our priorities, where the Company has adopted the best international standards and practices followed in maintaining the safety of operations, employees, contractors, the environment and society.

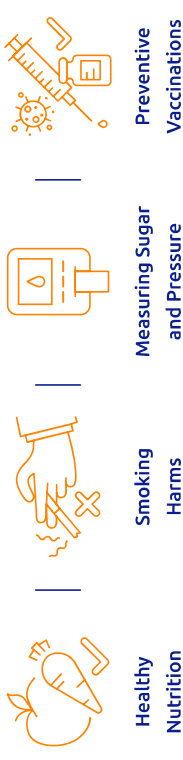
From this standpoint, the Company has worked to provide a package of training programs that contribute to building a solid foundation of knowledge of all systems related to occupational health and safety, in addition to the Company's development and training of employees to deal with all emergency situations in the event of occurrence. As a result of these efforts, the Company was able, praise be to God, by the end of 2022, to achieve nearly 4 million working hours without injuring.

The Company's policy is based on the continuous development and improvement of measures taken to protect occupational health and safety, by providing all safety requirements during work, and continuous guidance to all employees to preserve and protect the environment in the best possible ways by fully adhering to international laws and standards. The Company has also developed (SALEM) program, which specializes in occupational safety inside and outside the Company's factories,



- » Raising awareness of employees in dealing with serious cases.
- » Preservation of the property and assets of the Company.
- » Raising awareness of employees towards modern safety programs and laws
- » Improving the general culture of managers and employees by holding many training programs.
- » Conducting numerous mock exercises related to safety and fires by scheduling mock exercises throughout the year amounted to 129 exercises which included different scenarios and locations in Jubail Industrial City and Yanbu.
- » Various training courses were about using fire extinguishers and respirators.
- » Coordination was also made with the Royal Commission Hospital and the Saudi Heart Association to conduct early cardiac resuscitation courses for all employees

Among the efforts made by the Company during the year 2022 is the implementation of many health campaigns and seminars, in cooperation with the Company's medical clinic and in cooperation with external hospitals specialized in:

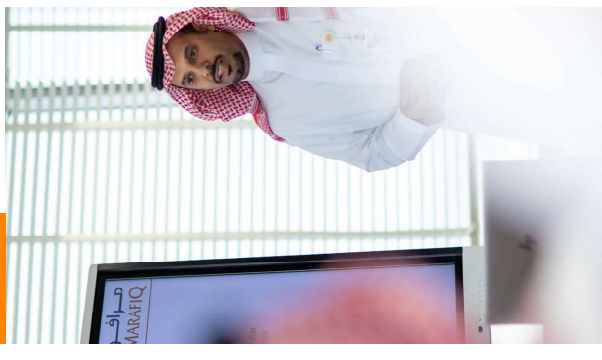


Coordination was also made with the Royal Commission Hospital and the Saudi Heart Association to conduct early cardiac resuscitation courses for all employees of the company.

## INVESTMENT IN HUMAN RESOURCES

Marafiq adopts the best international practices in the field of developing and motivating its employees as they are the basis for achieving our success and growth in all sectors. The Company always seeks to recruit and develop qualified national cadres, with the aim of improving and raising the level of efficiency of its employees and providing a fertile work environment that contributes to raising their performance to reach the Company's goals and enable the workforce to be a competitive force in the field of energy and water companies.

Training and development is one of the most important pillars and objectives of the Company Marafiq represented by the Human Capital Development Department was keen to provide and implement training courses in several fields and in all categories, including engineers, technicians, administrators and leaders. The Company extended taring to 95% of the total direct employees and contractors during 2022.



The Company sought to cooperate with internal and international institutes to implement and provide various courses in different fields and focus on accredited international specialized certificates with a total of 68% of the number of employees.

Moreover, through the electronic training platform, 18,838 training hours were achieved for distance training programs and e-learning to keep pace with modern training methods. In the aspect of senior leadership development, cooperation has been made with international institutes regarding the implementation of specialized leadership courses to enhance and motivate their leadership and administrative capabilities.

In general, the training courses that were provided during 2022 to all levels among the Company, whether remotely or through traditional methods, was 51,318 training hours, focused on the following:

- » Environment, Health, Safety and Security Courses
- » Management and Leadership Courses
- » Engineering, technical and technical courses
- » Professional Certifications
- » Skills Development Courses

The Company had a great interest and role in the importance of exchanging knowledge and experiences in the field of energy and water by attending specialized internal and external conferences. During 2022, 57 Saudi employees joined the Company, which confirms Marafiq's continued efforts to localize jobs and qualify national cadres.

In the same year, the Company increased the Saudization rate to 83.50% of the total 1,424 employees at the end of 2022. As part of the efforts exerted by Human Relations and Benefits Department, the Company has attracted fresh graduates to university degrees and diplomas.

It also provided opportunities for cooperative training from universities, colleges and institutes.



## SOCIAL RESPONSIBILITY

Marafiq seeks to implement its core values by forming a sustainable relationship between the Company and the surrounding community. Since its inception, Marafiq has been committed to provide assistance and initiatives that contribute to the development of society and raise the level of knowledge in all fields. The Company continued to support many community and humanitarian programs, and the programs offered by Marafiq varied in various cities of the Eastern Province, Yanbu and Jazan region.

The following is a brief overview of the activities, events, and programs that the Company contributed to during the year 2022:

### » Supporting charities

Marafiq has contributed to supporting charities to help the needy, as it has provided support to 10 associations in the Eastern Province, 7 associations in Yanbu and two associations in the Jazan region. In addition to providing support to specialized committees in the Eastern Province. The support programs for associations varied, including supporting poor families, divorced women and widows, providing housing for orphans, providing services to people with special needs and qualifying them for the labor market and a bus equipped to transport people with disabilities from their homes to health facilities in Dammam, Khobar and Jubail.

### » Volunteer Activities

Marafiq was distinguished by its volunteer activities carried out by employees and their families through Marafiq Volunteer Club in both Jubail and Yanbu. These activities included the following:

- » Cleaning the beach of Jubail Governorate with the participation of 400 volunteers
- » Visit the Royal Commission Hospital in Yanbu Industrial City
- » Visit the elderly home in the Eastern Province.

➤ **Celebrating national occasion**

Marafiq organized a number of celebrations on various national occasions, including Foundation Day and National Day, and the Company shared the joy of its employees and celebrated with them and presented them with symbolic gifts on this occasion.

➤ **Awareness Campaigns:**

A community awareness campaign was launched under the title (Preserving the environment is a priority for survival) at Galleria Mall, Jubail Industrial City.

An entertaining visit was organized for orphans belonging to one of the specialized centers on the occasion of the International Children's Day.

Partnership with government agencies  
**Education Office in Jubail Governorate:**

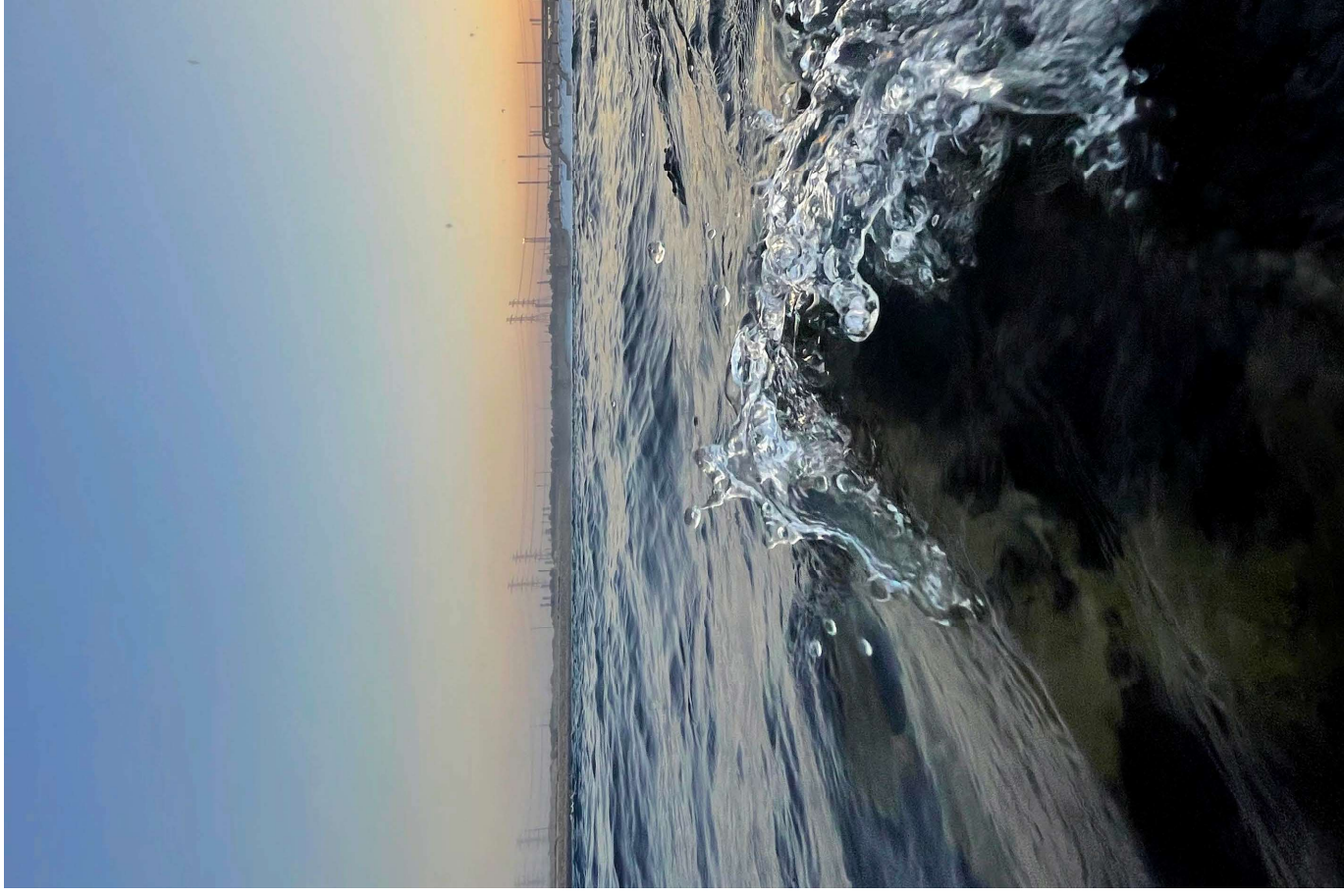
Marafiq supported the Education Office in Jubail Governorate by providing a number of reusable computers with the aim of achieving community integration with government agencies.

**Social Security Administration:**

A partnership agreement was signed with the Ministry of Human Resources and Social Development represented by the Social Security Administration to employ the children of the beneficiaries.

➤ **Civil Status**

The prospects of cooperation and community partnership between government and private agencies have been enhanced by launching "We Come to You" campaign in cooperation with the Ministry of Interior for Civil Status.



## CORPORATE GOVERNANCE

- 67 Governance Structure
- 68 Investor Relations
- 74 Board of Directors
- 85 Board's Committees
- 93 Executive Management
- 96 Rewards
- 101 Applicability of the Corporate Governance Regulations
- 103 Closing Word

### GOVERNANCE STRUCTURE

Governance is an important part of Marafiq's principles and practices, as the Company adheres to the governance rules and regulations issued by the regulatory authorities, where the Board of Directors has set the general framework for its governance, which includes a set of regulations and policies through which roles and responsibilities are defined, making and directing decisions are also clarified therein in addition to the control of their implementation, based on the relevant laws and regulations. The Board of Directors follows up the implementation of governance regime and ensures the adoption and application of the best control and compliance, which guarantee the rights of employees, shareholders, investors and stakeholders alike.

The Company has recently approved its internal governance regulations and policies by the Board of Directors in addition to the approval of the General Assembly,

Marafiq's management structure consists of the Company's Board of Directors, three committees emanating from the Board of Directors and a team of executives. The Board of Directors is responsible of developing, supervising and reviewing corporate governance principles and policies to ensure that the Company complies with relevant regulations, while promoting the Company's growth and sustainability.

During the year 2022, the Board of Directors was formed in addition to the formation of Board committees to assist the later in performing its tasks, namely the Remuneration and Nomination Committee, the Executive and Risk Committee, in addition to the Audit Committee which was formed by the General Assembly of the Company to provide the support to the Board to carry out its tasks to the fullest.



## INVESTOR RELATIONS

Marafiq's successful IPO and listing in November 2022 is a milestone in the Company's growth story as a leading provider of utility services to the industrial sector and individuals, as it will contribute to the expansion and development of its business model in accordance with the objectives and programs set by the Board of Directors and in accordance with the Kingdom's ambitious Vision 2030, and provide additional value to its shareholders.

### Ownership Structure

Marafiq was established as a Saudi closed joint stock company with a capital of two billion five hundred million (2,500,000,000) Saudi riyals owned by the Public Investment Fund, Saudi Basic Industries Corporation (SABIC), the Royal Commission for Jubail and Yanbu, and Saudi Aramco Energy Company, each with 24.81% ownership of the Company's shares, in addition to a group of other private investors, with a total ownership of 0.76% of the Company's shares.

In 2022, the Company's shares were listed in the Saudi Stock Exchange (Tadawul), where the main owners sold each of them 7.31% of their shares, accordingly the shares of the main owners after the offering in the stock exchange (Tadawul) became 17.5% each.



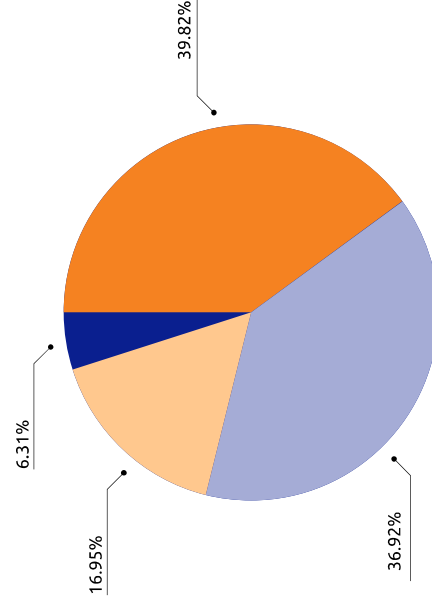
The gross number of shareholders of the Company reached 379,834 as of 31 December 2022. The following is an overview of Marafiq's investors:

### First: Marafiq investors based on the nature of the investors

31 December 2022				
Marafiq's investors based on the nature of the investors	Number of Shares	Number of Shareholders	Ownership percentage	
Corporate	99,550,066	345	39.82%	
Governmental Entities	92,296,081	9	36.92%	
Individuals	42,385,524	397,365	16.95%	
Institutions, Investment Funds and Others	15,768,329	115	6.31%	
<b>Total</b>	<b>250,000,000</b>	<b>397,834</b>	<b>100%</b>	

### Marafiq investors based on the nature of the investors

- Corporate
- Governmental Entities
- Individuals
- Institutions, Investment Funds and Others

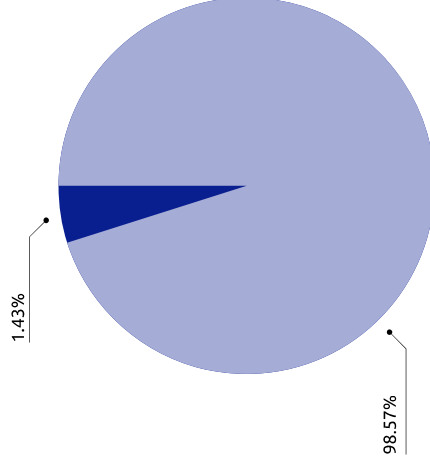


### Second: Marafiq investors based on the nationality of the investors

31 December 2022			
Marafiq's investors based on the nationality of the investors	Number of Shares	Number of Shareholders	Ownership percentage
Saudi Investors	246,423,307	368,351	98.57%
Others	3,576,693	29,483	1.43%
<b>Total</b>	<b>250,000,000</b>	<b>397,834</b>	<b>100.00%</b>

### > Marafiq Investors Based On The Nationality Of The Investors

- Saudi Investors
- Others



### Third: Major (Big) Shareholders

Major (Big) Shareholders	Ownership of 5% and more of the Issued Shares			
	End of 2022		Beginning of 2022	
	Percentage	Number of Shares	Percentage	Number of Shares
Royal Commission for Jubail and Yanbu	17.5%	43,750,000	24.81%	62,025,000.00
Public Investment Fund	17.5%	43,750,000	24.81%	62,025,000.00
Aramco Energy Company	17.5%	43,750,000	24.81%	62,025,000.00
Saudi Basic Industries Corporation (SABIC)	17.5%	43,750,000	24.81%	62,025,000.00
<b>Total</b>	<b>70%</b>	<b>175,000,000</b>	<b>99.24%</b>	<b>248,100,000</b>

### > Communication with Shareholders and Investors

Marafiq adopts the principle of fairness in providing appropriate information in a timely manner to all shareholders and investors, and informs them of its performance and activities during the year by publishing all relevant reports during the statutory periods to enable shareholders and investors to acknowledge the same. The Company is also committed to continuously disclose any important developments that may occur and have an impact on its financial position and business, through Tadawul's website, its website and other means of communication, to help investors to take investment decisions based on correct and adequate information, and to ensure that information does not leak to some investors without the others, and that all beneficiaries have equal opportunities to obtain information.

The Company is strictly and carefully committed to implement the policies and procedures of the disclosure of significant developments, financial statements and performance reports in accordance with the legal requirements, applicable regulations and instructions received from the competent authorities.

### ➤ Dividends Distribution Policy

The distribution of profits shall be subject to the net profit realized after deducting all general expenses and other costs in accordance with the provisions of Article (47) of the Articles of Association of the Company, which states the following:

- » Four percent (4%) of the net profits shall be allocated to the formation of a statutory reserve, and the Ordinary General Assembly may suspend this allocation if such reserve reaches twenty percent (20%) of the paid-up capital of the Company.
- » The General Assembly may, upon the proposal of the Board of Directors, retain a percentage of the net profits to form an additional reserve allocated for a particular purpose or purposes.
- » Unless the Ordinary General Assembly decides otherwise, dividends shall be distributed at least five percent (5%) of the paid-up capital of the Company of the remaining amount to the shareholders, and the General Assembly may, upon the recommendation of the Board and as it deems appropriate, distribute further dividends.
- » Subject to Article (22) of the Company's Articles of Association and the rules determined by the competent authority, the Ordinary General Assembly may approve granting each member of the Board of Directors a share in the Company's profits in return for his membership, not exceeding ten percent (10%) of the net profits after deducting reserves and distributing dividends of not less than five percent (5%) of the paid-up capital of the Company to the shareholders, provided that the entitlement to such remuneration shall be proportional to the number of meetings attended by such remuneration.
- » The Company may distribute quarterly and semi-annual dividends in accordance with the applicable regulations.

The following table shows the dividends distributed to shareholders for the financial year ended 31 December 2022:

	Dividends Distributed During 2022		Proposed Dividend distribution for Second Half of 2022	Total
	Dividends Distributed for the Year 2021	Dividends for the First Half of 2022		
Percentage	7%	11%	11%	29%
Profit Per Share (SAR)	0.7	1.1	1.1	2.9
<b>Total (Thousand)</b>	<b>175,000</b>	<b>275,000</b>	<b>275,000</b>	<b>725,000</b>

### ➤ General Assemblies

During the year 2022, the Company concluded five meetings of the General Assembly in the presence of the Chairman of the Board of Directors, representatives of shareholders and the CEO of the Company.

The table below shows the dates of the meetings held during the year 2022:

General Assembly	Date of the Meeting
Extra Ordinary General Assembly	3/3/2022
Ordinary General Assembly	21/4/2022
Extra Ordinary General Assembly	2/6/2022
Ordinary General Assembly	29/8/2022
Ordinary General Assembly	13/9/2022

### ➤ Shareholder Records

The Company requested its shareholders' records 4 times during the financial year ended 31 December 2022.

The following table shows the dates and reasons for requesting the shareholders' records:

Number	Date of Request	Reason of request
1	2022/11/21	Regular report
2	2022/11/22	Regular report
3	2022/11/30	Regular report
4	2022/12/31	Regular report

## BOARD OF DIRECTORS

The Company is managed by a Board of Directors consisting of seven (7) members elected by the General Assembly,

The Extraordinary General Assembly in its meeting held on 21 April 2022 elected the members of the current Board of Directors for a period of three (3) calendar years starting from the date of the General Assembly.

Member	Position	Classification
His Excellency Eng. Khalid bin Mohammed Al-Salem	Chairman	Non-Executive
Eng. Ahmed bin Mohammed Al-Jabr	Vice Chairman	Non-Executive
Mr. Mused bin Ahmed Al-Sayouhi	Member	Non-Executive
Mr. Bader A. Al Ghariry	Member	Non-Executive
Mr. Sulaiman bin Abdulaziz Al-Hosain	Member	Independent
Mr. Amr Abdulaziz Al-Jalal	Member	Independent
Eng. Sulaiman bin Khalid Al Mazroua	Member	Independent

## Summary Biographies Of The Company's Directors And Secretary

An overview of the experience, qualifications and current and previous positions of each Director and the Board Secretary is provided below.

His Excellency, Eng. Khalid Mohammed Al-Salem		Chairman of the Board of Directors, Nomination and Remuneration Committee Member
Current Position	<ul style="list-style-type: none"> <li>Chairman of the Royal Commission of Jubail and Yanbu</li> </ul>	
Academic Qualifications	<ul style="list-style-type: none"> <li>Master's Degree in Business, Thunderbird School of Global Management, USA.</li> <li>Bachelor's Degree in Chemical Engineering, King Saud University, KSA.</li> </ul>	
Previous Positions	<ul style="list-style-type: none"> <li>Deputy Minister, Ministry of Energy (formerly known as the Ministry of Energy, Industry and Mineral Resources).</li> <li>CEO, the National Industrial Development Program.</li> <li>Vice President of Plastic and Packaging, the National Industrial Clusters Program.</li> </ul>	
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b> <ul style="list-style-type: none"> <li>Technical &amp; Vocational Training Corporation</li> <li>Saudi Center for Energy Efficiency</li> <li>Higher Institute of Plastics</li> </ul> </li> <li><b>Outside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> </ul>	
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> <li><b>Outside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> </ul>	

<b>Eng. Ahmed Mohammed Ahmed Al-Jabr</b>		Vice Chairman of the Board Chairman of the Executive & Risk Committee
Current Position	<ul style="list-style-type: none"> <li>Executive Vice President of Manufacturing - SABIC</li> </ul>	
Academic Qualifications	Bachelor's degree in Chemical Engineering, King Fahd University of Petroleum and Minerals, KSA, 1987C.	
Previous Positions	<ul style="list-style-type: none"> <li>Chief Executive Officer - SABIC Agri-Nutrients Company</li> <li>Chief Executive Officer - Eastern Petrochemical Company (Sharq)</li> </ul>	
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b> <ul style="list-style-type: none"> <li>National Industrial Gases Company ( GAS )</li> </ul> </li> <li><b>Outside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> </ul>	
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> <li><b>Outside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> </ul>	

<b>Musaad Ahmed Abdullah Al-Sayouhi</b>		Member of the Board of Directors Chairman of the Audit Committee
Current Position	<ul style="list-style-type: none"> <li>Vice President and Assistant Financial Controller - Saudi Aramco</li> </ul>	
Academic Qualifications	Bachelor's degree in Business Administration, University of Colorado Boulder, USA. Master's degree in Business Administration, Bentley University, USA. Certified Management Accountant Certificate, Institute of Management Accounting, USA. Certified Public Accountant Certificate, Washington State Accounting Board of Accountancy, USA.	
Previous Positions	<ul style="list-style-type: none"> <li>Acting Assistant Controller - Saudi Aramco</li> <li>General Manager of the Planning, Budgeting and Performance Management Center - Saudi Aramco</li> <li>Acting Assistant Auditor - Saudi Aramco</li> <li>Director of the Financial Accounting Department - Saudi Aramco</li> <li>Director of the Financial Readiness and Compliance Department - Saudi Aramco</li> </ul>	
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b> <ul style="list-style-type: none"> <li>Saudi Aramco Jubail Refinery Company ( SASREF )</li> <li>Saudi Aramco Mobil Refinery Company Limited ( SAMREF )</li> </ul> </li> <li><b>Outside the Kingdom</b> <ul style="list-style-type: none"> <li>Stellar Insurance</li> </ul> </li> </ul>	
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> <li><b>Outside the Kingdom</b> <ul style="list-style-type: none"> <li>Nothing</li> </ul> </li> </ul>	

<b>Badr Abdullah Saad Al-Ghariry</b> Member of the Board of Directors Member of the Executive & Risk Committee	
Current Position	<ul style="list-style-type: none"> <li>Vice President of the Energy &amp; Public Utilities Sector - Public Investment Fund</li> </ul>
Academic Qualifications	Bachelor's degree in Chemical Engineering, King Fahd University of Petroleum and Minerals, KSA, 1987G.
Previous Positions	<ul style="list-style-type: none"> <li>Assistant Vice President - Energy and Public Utilities Sector - Public Investment Funds</li> <li>Senior Assistant - Energy and Public Utilities Sector - Public Investment Fund</li> <li>Assistant - General Department of Middle East and North Africa Investments - Public Investment Fund</li> <li>Senior Analyst - General Directorate of Investments Middle East and North Africa - Public Investment Fund</li> <li>Assistant Consultant - Public Investment Fund</li> <li>Assistant Portfolio Manager - HSBC Saudi Arabia</li> </ul>
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>Global Environmental Services Management Company Limited</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>Nothing</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>

<b>Sulaiman Abdulaziz Al-Hosain</b> Member of the Board of Directors Chairman of the Nominations and Remunerations Committee Member of the Audit Committee	
Current Position	<ul style="list-style-type: none"> <li>Retired</li> </ul>
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's degree in Business Administration and Marketing, Huston Tillotson University, USA, 1983G.</li> </ul>
Previous Positions	<ul style="list-style-type: none"> <li>President of Saudi Yanbu Petrochemical Company (Yanpet)</li> <li>General Manager of Finance and Materials - Saudi Yanbu Petrochemical Company (Yanpet)</li> <li>Financial Controller - Saudi Yanbu Petrochemical Company (Yanpet)</li> <li>Director of Materials Management - Saudi Yanbu Petrochemical Company (Yanpet)</li> </ul>
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>SABIC Agri-Nutrients Company</li> <li>Ajwad Society for Community Services</li> <li>Plastic Compound Technologies Co., Ltd.</li> <li>SABIC Employees Charitable Fund Foundation (Berr)</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>Arab Company for Industrial Fibers (Ibn Rushd)</li> <li>Eastern Petrochemical Company (Sharq)</li> <li>Rabigh Refining and Petrochemical Company (Petro Rabigh)</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>

<b>Amr Abdulaziz Abdullah Al-Jallal</b>		Member of the Board of Directors Member of the Audit Committee
Current Position	<ul style="list-style-type: none"> <li>Managing Director and CEO of Namara Investment Company - Dr. Sulaiman Al Habib Investment Company</li> </ul>	
Academic Qualifications	Bachelor's degree in Information Management System, King Fahd University of Petroleum and Minerals, KSA. Master's degree in Business Administration, Rice University, USA.	
Previous Positions	<ul style="list-style-type: none"> <li>Head of Private Equity and Investment Banking - Jadwa Investment Capital</li> <li>Senior Vice President - Investment Banking Department - Saudi Fransi Sector - Capital Market Authority</li> <li>Director of the Registration and Listing Unit - Industry and Services Sector - Capital Market Authority</li> <li>Bank Credit Officer - Commercial Banking Services Department - Samba Financial Group</li> </ul>	
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>National Agricultural Development Company ( NADEC )</li> <li>Abdul Mohsen Al Hokair Group of Tourism and Development ( Al Hokair Group )</li> <li>Hamat Holding Company</li> <li>Venture Capital &amp; Private Equity Association</li> <li>Thabat Company limited</li> <li>Qimam Exchange Investment Company</li> <li>Saqi Investment Company</li> <li>Al-Hamra Front Investment Company</li> <li>Al-Manar Front Investment Company</li> <li>Al-Habib Alliance Investment Company</li> <li><b>Outside the Kingdom</b></li> <li>October Pharma Company</li> <li>Saudi Egyptian Industrial Investment Company</li> </ul>	
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>Jada Capital</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>	

<b>Suliman Khalid Abdulrahman Al-Mazroua</b>		Member of the Board of Directors Member of the Nominations and Remunerations Committee Member of the Executive & Risk Committee
Current Position	<ul style="list-style-type: none"> <li>CEO - National Industry Development &amp; Logistics Program</li> </ul>	
Academic Qualifications	Bachelor's Degree in System Engineering, King Fahd University of Petroleum and Minerals, KSA. Master's Degree in Business Administration, University of Hull, UK.	
Previous Positions	<ul style="list-style-type: none"> <li>Operations Manager - National Industry Developments and Logistics Program</li> <li>General Manager - Achievement and Rapid Intervention Center</li> <li>Director of Demand Planning, IT Strategy Management and Technology Planning - Saudi Aramco</li> </ul>	
Member of current boards of directors of companies or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>Wadi Taibah Company</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>	
Previous memberships of boards of directors or of their Managers	<ul style="list-style-type: none"> <li><b>Inside the Kingdom</b></li> <li>Nothing</li> <li><b>Outside the Kingdom</b></li> <li>Nothing</li> </ul>	

### ➤ Board Meetings

The Board of Directors held twelve (12) meetings during the financial year ended 31 December 2022.

The following table shows the attendance record of each member for the meetings of the Board of Directors and the dates thereof:

Board Member	Record												Total
	meeting 1 2022/03/16	meeting 2 2022/05/12	meeting 3 2022/06/29	meeting 4 2022/06/30	meeting 5 2022/07/05	meeting 6 2022/07/26	meeting 7 2022/08/23	meeting 8 2022/09/29	meeting 9 2022/10/08	meeting 10 2022/10/20	meeting 11 2022/11/28	meeting 12 2022/12/28	
Eng. Khalid Mohammed Al-Saleem	Not Appointed Yet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Eng. Ahmed Mohammed Al-Jabr	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	11
Mr. Bader A. Al-Ghuriri	Not Appointed Yet	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Musaed bin Ahmed Al-Suyuhi	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓	9
Mr. Amr bin Abdulaziz Al-Jalal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12
Mr. Sulaiman bin Abdulaziz Al-Hussain	Not Appointed Yet	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	9
Eng. Sulaiman bin Khalid Al Mazrou	Not Appointed Yet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Eng. Abdullah Ibrahim Al-Saadon	✓	✓	Membership Ended on: 21/4/2022										2
Eng. Ahmed Mohammed Hassan	✓	✓	Membership Ended on: 21/4/2022										2
Eng. Ahmed Bin Taris Al-Sheikh	✓	✓	Membership Ended on: 21/4/2022										2
Mr. Mohammed bin Abdulrahman Al-Blehed	✓	✓	Membership Ended on: 21/4/2022										2
Eng. Mohammed A. Al-Hattani	✓	✓	Membership Ended on: 21/4/2022										2
Mr. Emad bin Khalifa Al-Hajji	✓	✓	Membership Ended on: 21/4/2022										2

### ➤ Ownership Of Board Members

A description of any interest, contractual and subscription rights belonging to the members of the Board of Directors and their relatives in the shares or debt instruments of the Company

Board Members	Ownership Type	Opening Balance as of 01/2022				Final Balance as of 12/2022			
		Ownership Percentage	Debt Instruments	Number of Shares	Change Percentage	Ownership Percentage	Debt Instruments	Number of Shares	Net Change
Eng. Khalid Mohammed Al-Saleem	Direct ownership Ownership of the Royal Commission for Jubail and Yanbu	24.81%	0	620,250,000	7.31%	182,750,000	17.5%	437,500,000	0
Eng. Ahmed Mohammed Al-Jabr	Direct ownership Ownership of SABIC	24.81%	0	620,250,000	7.31%	182,750,000	17.5%	437,500,000	0
Mr. Bader A. Al-Ghuriri	Direct ownership Ownership of the Public Investment Fund	24.81%	0	620,250,000	7.31%	182,750,000	17.5%	437,500,000	0
Mr. Musaed bin Ahmed Al-Suyuhi	Direct ownership Ownership of Aramco Energy	24.81%	0	620,250,000	7.31%	182,750,000	17.5%	437,500,000	0
Mr. Amr bin Abdulaziz Al-Jalal	Direct ownership	0	0	0	0	0	0	0	0
Mr. Sulaiman bin Abdulaziz Al-Hussain Eng. Sulaiman bin Khalid Al Mazrou	Direct ownership	0	0	0	0	0	0	0	0

### ➤ Actions Taken By The Board Of Directors To Inform Its Members Of The Shareholders' Proposals And Observations Regarding The Company And Its Performance

Marafiq's Corporate Governance Chart stipulates that the Chairman and Chief Executive Officer of Marafiq shall inform the rest of the Board of Directors of the views of the shareholders and discuss the same with them. On the other hand, the Company's Articles of Association ensures that the Company shall participate in deliberations and discussions, enhance communication with the Company's shareholders and the management shall answer the shareholders' inquiries in a manner that does not harm the interests of the Company.

### ➤ Evaluating the Performance of the Board of Directors and Its Committees

The Nomination and Remuneration Committee assists the Board of Directors in evaluating the performance of the Board and its committees, as it submits an annual report to the Board of Directors that includes the evaluation mechanism followed and its results related to the fiscal year 2022, in addition to evaluating the skills and experience of the members of the Board of Directors and recommending their training accordingly.

### ➤ Related Party Transactions

The Company has conducted dealings with some entities that are carried out within the scope of the usual business of companies in accordance with item 30 contained in the audited financial statements for the year ended 31 December 2022.



## BOARD COMMITTEES

The Company has three main committees: The Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee and Risk Management. The Board of Directors also formed an interim and temporary committee related to the listing of the Company's shares on the Saudi Stock Exchange (Tadawul).

A work procedure has been adopted for each committee specifying the tasks, competencies, responsibilities and powers of its members and committee meetings, in order to enable each committee to perform its tasks and duties to the fullest.

### First: AUDIT COMMITTEE

The Committee shall be formed from non-executive members of the Board of Directors, whether shareholders or others, and the number of members of the Committee shall not be less than three and not more than five, provided that among them shall be an independent Board member. These members shall be nominated by the Board of Directors and appointed by a resolution of the General Assembly. The Chairman of the Board of Directors may not be a member of the Audit Committee, nor may anyone who has worked or has been working during the past two years in the executive or financial management of the Company.

In light of the policy set out by the Company based on the rules of the Corporate Governance Regulations issued by the Capital Market Authority, the tasks and responsibilities of the Committee include the following:

#### » Financial Reports

- Study and approve the interim and annual financial statements of the Company before presenting the same to the Board of Directors and expressing its opinion and recommendation thereon.
- Provide its technical opinion - at the request of the Board of Directors - whether the report of the Board of Directors and the financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the financial position of the Company, its performance, business model and strategy.
- Thoroughly research any issues raised by the Company's chief financial officer, his representative, the Company's compliance officer or the external auditor.
- Study the accounting policies adopted by the Company and express an opinion and recommendation to the Board of Directors in this regard.

- » **Internal Audit**
  - Study and review internal and financial control systems;
  - Study internal audit reports and follow up on the implementation of corrective actions to the observations contained therein;
  - Control and supervision of the performance of the Company's internal audit department;
  - Ensuring the availability of the necessary resources and their effectiveness in the performance of the tasks entrusted to them;
  - Review and approve the internal audit report.
- » **External Auditor**
  - Recommending to the Board of Directors the nomination and dismissal of external auditors, determining their remuneration and evaluating their performance
  - Verify the independence, objectivity and fairness of the external auditor and the effectiveness of the audit work.
  - Review the plan of the external auditor of the company and his work, and verify that he does not submit any technical or administrative work outside the scope of his work.
  - Study the reports of the external auditor and his observations on the financial statements and follow up on what has been taken in this regard.

» **Ensure compliance**

- Review the results of the reports of the regulatory authorities and ensure that the Company takes the necessary measures in this regard.
- Ensure that the Company complies with the relevant laws, regulations, policies and instructions.
- Review the contracts and transactions proposed to be conducted by the Company with related parties, and submit its recommendations thereon to the Board of Directors.
- Inform the Board of Directors of any matters related to what it deems necessary to take action on it and make recommendations on the steps to be taken.

» **Values and Ethics**

- Review and evaluate policies and procedures including codes of conduct.
- Review compliance reports for laws, regulations, policies, unethical behavior, etc.

The Committee consists of three members, and the following table shows the names of the members and the record of attendance of each member to the meetings of the Committee and the dates of its convening:

Audit Committee	Membership Type	Record				Total
		Meeting 1 07/03/2022	Meeting 2 24/05/2022	Meeting 3 17/08/2022	Meeting 4 03/11/2022	
Mr. Musaed bin Ahmed Al-Suyuhi	Chairman	✓	✓	✓	✓	4
Mr. Amr Abdulaziz Al-Jalal	Member	✓	✓	✓	✓	4
Mr. Sulaiman bin Abdulaziz Al-Hussain	Member	Not Appointed Yet	✓	✓	✓	3
Eng. Ahmed bin Mohammed Hassan	Member	✓	Membership Ended on 2022/5/12			1
Mr. Emad Khalifa Al-Hajji	Member	✓	Membership Ended on 2022/5/12			1

» **The opinion of the Audit Committee regarding the results of the annual review of the effectiveness and internal control procedures for the fiscal year 2022**

Board Audit Committee's (BAC) carries out its duties and responsibilities in accordance to and based on its Bylaws which was approved by the Company's General Assembly and in accordance with the statutory requirements, which include supervising the performance of the Internal Audit Department, studying its reports, approving its work plan, and ensuring the safety and effectiveness of the internal control system. BAC also studies the quarterly and annual financial statements to ensure its correctness, accuracy and compatibility with the approved accounting standards, financial reporting procedures and applicable laws and regulations.

BAC also handles the responsibilities entrusted to the BAC by the Board. BAC submits its recommendations to the Board of Directors in all matters that it deems necessary. BAC receives continuous support from the Board of Directors to enable the later to improve the performance of its work and tasks.

During 2022, the BAC held four meetings in which members of the management, the internal auditor and the external auditor of the Company participated in order to assist BAC in carrying out its tasks and achieving its objectives. During these meetings, they presented their views to BAC on, among other things, the correctness of the Company's financial reports and statements, the effectiveness and integrity of the Company's internal control systems and the management of financial risks.

During the past year, BAC reviewed the internal audit plan, methodology and procedures followed in the preparation of this plan and ensured that it was compatible with the Company's main risks. BAC's meetings also witnessed the presentation of detailed reports and extensive discussions on the financial statements, including analyses of the Company's financial performance and changes in the financial position.

Based on what was presented in these analyses, reports and discussions, BAC ascertained the appropriateness and fairness of the estimates and opinions used by the Executive Management in substantiating the financial results. The reports of the External Auditor, the External Audit Plan and the performance and independence of the External Auditor were also discussed, and it was not clear to the Committee that there was any defect in this regard.

BAC receives reports from the internal and external auditor related to the implementation of the executive management of the internal control systems. The external and internal auditor also express their opinion on the effectiveness of the internal control system, its validity and accuracy of the Company's reports and financial statements. BAC also follows up the necessary corrective action taken by the Executive Management with regard to the observations contained in these reports.

BAC is of the opinion that, as at 31 December 2022, and based on the discussions, views, presentations and reports submitted to its members by the Executive Management, the Internal Auditor and the External Auditor, and within the limits of the tasks and responsibilities included in the approved internal audit plan, and accordingly, BAC did not figure out any material observations on the internal control system that affect the integrity and fairness of the financial statements, and BAC is satisfied that the Company's internal and financial control systems are efficient, knowing that no internal control system can provide absolute assurances about its soundness and effectiveness.



## SECOND: NOMINATION AND REMUNERATION COMMITTEE

The Committee shall be composed of non-executive members of the Board of Directors, whether shareholders or others, and the numbers shall not be less than three and not more than five, including an independent board member, and its members shall be appointed by the Board of Directors.

In light of the policy set by the Company in accordance with the Corporate Governance Regulations issued by the Capital Market Authority, the Committee's tasks and responsibilities include the following

- Prepare the remuneration policy for the members of the Board, the committees emanating from the Board and senior executives, and submit it to the Board for consideration and to be approved in the final stage by the General Assembly, provided that these regulations consider the adoption of standards related to performance.
- Clarify the relationship between the paid rewards and the approved remuneration regulation, and indicate any material deviation from this regulation.
- Periodic review of the remuneration regulation, and evaluate its effectiveness in achieving its objectives.
- Recommending to the Board the remuneration of its members, committee members and senior executives of the Company in accordance with the approved regulations.
- Proposing clear policies and criteria for the membership of the Board and the executive management.
- Recommending to the Board the nomination of its members, and re-nominating them in accordance with the approved policies and criteria, considering that no person who has been previously convicted of a crime involving moral turpitude or dishonesty shall be nominated.
- Determine the time that the member must allocate for the work of the Board.
- Review the structure of the Board and the executive management and make recommendations on changes that can be made to it.
- Develop job descriptions for executive, non-executive, independent and senior executive management members of the Board.
- Establish the procedures to be followed in the event of a vacancy in the position of a member of the Board or senior executives.
- Identify the strengths and weaknesses of the Board and propose solutions to address them in accordance with the interests of the Company.
- Annual review of the skills, knowledge and experience required for members of the Board, prepare a description of the tasks and abilities required when appointing any member and make recommendations to the General Assembly.
- Recommending to the Board the performance standards to evaluate the work of the Board, its committees and the executive management annually.

- Review the leadership needs of the Company and its departments, with the aim of ensuring that the Company continues to be able to achieve achievements effectively in the market, and to keep fully abreast of strategic issues and commercial changes that affect the Company and the market in which it operates.
- Setting a regulation for the disclosure of the remuneration of the members of the Board and the Company's management team.
- Recommending to the Board the criteria for selecting candidates for membership of the Board of Directors.

The Committee consists of three members, and the following table shows the names of the members and the record of attendance of each member to the meetings of the Committee and the dates of its convening:

Nomination and Remuneration Committee	Membership Type	Record				Total
		Meeting 1 03/03/2022	Meeting 2 29/06/2022	Meeting 3 14/09/2022	Meeting 4 20/12/2022	
Mr. Sulaiman bin Abdulaziz Al-Hussain	Chairman	Not Appointed Yet	✓	✓	✓	3
Eng. Khalid Mohammed Al-Salem	Member	Not Appointed Yet	✓	✓	✓	3
Eng. Sulaiman bin Khalid Al Mazrou	Member	Not Appointed Yet	✓	✓	✓	3
Mr. Abdullah Ibrahim Al-Saadon	Member	✓	Membership Ended on 12/5/2022			1
Mr. Mohammed bin Abdullah Al-Hatlani	Member	✓	Membership Ended on 12/5/2022			1
Eng. Ahmed Mohammed Al-Jabr	Member	Membership Ended on 12/5/2022				1
Mr. Mohammed bin Abdulrahman Al-Blehed	Member	Membership Ended on 12/5/2022				1



### THIRD: EXECUTIVE AND RISK COMMITTEE

The Board of Directors shall appoint the members of this Committee which shall not be less than three and not more than five, including at least two non-executive members of the Board of Directors.

In light of the policy set by the Company in accordance with the applicable laws, the tasks and responsibilities of the Committee include the following:

- Issuing licenses for the provision of drinking water, water for industrial purposes, wastewater, seawater cooling, and electricity services in the areas where the Company conducts its activities, monitoring them and ensuring compliance with them in accordance with the company's articles of association.
- Develop, maintain, review and amend technical and performance standards as appropriate for the water, sewage, seawater and electricity cooling sectors and monitor compliance with and enforcement of these technical standards
- Develop, maintain, review, monitor, and amend customer service standards as necessary.
- Regulating the prices imposed on consumers of drinking water, industrial water, wastewater, seawater cooling, electricity services, and methods of collecting them.
- Approving the terms and conditions for the supply of potable water, industrial water, wastewater, seawater cooling, and electricity to customers, modifying, monitoring and applying them.
- Approving and proposing amendments to technical regulations.
- Issuing regulations and decisions as stipulated in the Company's articles of association.

The Committee consists of three members, and the following table shows the names of the members and the record of attendance of each member to the meetings of the Committee and the dates of its convening:

Executive and Risk Committee	Membership Type	Record					Total
		Meeting 1 06/03/2022	Meeting 2 23/06/2022	Meeting 3 03/10/2022	Meeting 4 05/12/2022	Meeting 5 22/12/2022	
Eng. Ahmed Mohammed Al-Jabr	Chairman	Not Appointed Yet	✓	✓	✓	✓	4
Mr. Bader A. Al-Churiri	Member	Not Appointed Yet	✓	✓	✓	✓	4
Eng. Sulaiman bin Khalid Al Mazrou	Member	Not Appointed Yet	✓	✓	✓	✓	4
Mr. Mohammed bin Abdullah Al-Hattani	Member	✓	Membership Ended on 12/5/2022				1
Mr. Ahmed Mohammed Hassan	Member	✓	Membership Ended on 12/5/2022				1
Eng. Ahmed Bin Tavis Al-Sheikh	Member	✓	Membership Ended on 12/5/2022				1
Mr. Amr bin Abdulaziz Al-Jalal	Member	✓	Membership Ended on 12/5/2022				1

## EXECUTIVE MANAGEMENT

Current and previous positions, academic qualifications and experience of senior executives of the Company:

Mohammed Berkil Al-Zuabi		CEO Chairman - MASA Service Co. Chairman - Jubail Water & Power Co. Chairman - Jeddah Althaniya Water Co.
Academic Qualifications	<ul style="list-style-type: none"> <li>Master's Degree in Sustainable Electrical Energy, Georgia Institute of Technology, USA, 2016G.</li> <li>Master's Degree in Construction Engineering and Management, King Fahd University of Petroleum and Minerals, KSA, 1999G.</li> <li>Bachelor's Degree in Electrical Engineering, King Fahd University of Petroleum and Minerals, KSA, in 1993G.</li> </ul>	
Previous Positions	<ul style="list-style-type: none"> <li>Director, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>Member of the Audit Committee, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>Member of the Executive Committee, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>Mohammed Berkil Sattam Al-Zuabi held a number of positions in the Saudi Arabian Oil Company (Saudi Aramco).</li> </ul>	

## Jamal Abdul Rahman Mohammed Omar

Vice President of Operations and Maintenance  
Non-Executive Board Member - MASA  
Non-Executive Board Member - Jeddah Althaniya Co.  
Non-Executive Board Member - Jubail & Yanbu Cooling Co.

Academic Qualifications	<ul style="list-style-type: none"> <li>Executive Program for Strategic Negotiation certificate in Negotiation and Influence, Stanford University, USA, 2017G.</li> <li>Public Administration Program certificate in Executive Management, Harvard University, USA, 2012G.</li> <li>Master's Degree in Electrical Engineering and Control, Union University, USA, 1996G.</li> <li>Program for Electrical and Energy Systems certificate (PSEC), General Electric Company, USA, 1995G.</li> <li>Bachelor's Degree in Electrical Engineering, King Fahd University of Petroleum and Minerals, KSA, 1991G.</li> </ul>
Previous Positions	<ul style="list-style-type: none"> <li>General Manager for Operation and Maintenance in Yanbu 2 Project, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>General Manager of Strategic Planning, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>Head of Business Development, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>Head of Facilities Planning, Power and Water Utility Company for Jubail and Yanbu (Marafiq).</li> <li>Senior Electrical and Instrumentation Engineer, Royal Commission for Jubail and Yanbu.</li> </ul>



<b>Sultan Turki Nahar Al Rahili</b>	
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Bachelor's Degree in Mechanical Engineering, King Fahd University of Petroleum and Minerals, KSA, 1992G.</li> <li>Director, Marafiq Water and Power Supply Company (Tawreed), a Saudi limited liability company, operating in the field of water and energy, from 2015G to 2020G.</li> <li>General Manager of Yanbu 2, Power and Water Utility Company for Jubail and Yanbu (Marafiq), a Saudi joint stock company, operating in the field of water and energy, from 2013G to 2016G.</li> <li>General Manager of Technical Affairs, Power and Water Utility Company for Jubail and Yanbu (Marafiq), a Saudi joint stock company, operating in the field of water and energy, from 2010G to 2012G.</li> <li>Project Manager, Power and Water Utility Company for Jubail and Yanbu (Marafiq), a Saudi joint stock company, operating in the field of water and energy, from 2003G to 2009G.</li> <li>Head of Engineering, Power and Water Plant, Royal Commission for Jubail and Yanbu, a governmental entity, operating in the field of management and development of Yanbu and Jubail Industrial Cities, from 2000G to 2002G.</li> </ul>
<b>Previous Positions</b>	

<b>Bandar Ahmed Mohammed bin Obaid</b>	
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Master's Degree in Law, Valparaiso University, USA, 2008G.</li> <li>Bachelor's Degree in Law, King Saud University, KSA, 2002G.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>General Director of Legal and Judicial Department, General Authority for Awqaf, a governmental authority, operating in the field of endowments, from 2020G to 2021G.</li> <li>Executive Director of Legal Department, AlJomaih Automotive Company, a Saudi limited liability company, operating in the field of automobiles, from 2016G to 2019G.</li> <li>General Manager of Legal Department, STC Channels, a Saudi limited liability company, operating in the field of telecommunications, from 2013G to 2016G.</li> <li>General Manager of the Litigation Department, Naji Law Firm, a professional legal establishment licensed by the Saudi Bar Association, operating in the field of law and legal counsel, from 2011G to 2013G.</li> <li>Senior Legal Specialist, the National Water Company, a Saudi joint stock company, operating in the field of water and wastewater, from 2009G to 2011G.</li> </ul>

<b>Muhammed Abdulhamid Ibrahim Al-Mulhim</b>	
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Bachelor's degree in Finance, King Fahd University of Petroleum and Minerals, KSA, 2004G.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>Director, Clariant Materbathe (Saudi Arabia), a Saudi limited liability company, operating in the field of plastics, from 2017G to 2018G.</li> <li>Executive Director, National Inspection Co., a Saudi limited liability company, operating in the field of inspection and audit, from 2017G to 2018G.</li> <li>Director, National Batteries Company, a Saudi limited liability company, operating in the field of industry, from 2016G to 2018G.</li> <li>General Manager of Finance, National Industrialization Company, a Saudi listed joint stock company, operating in the field of basic materials, from 2015G to 2018G.</li> <li>Performance and Reports Manager, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of materials, from 2014G to 2015G.</li> <li>Budget and Reports Manager, Eastern Petrochemical Company, a Saudi limited liability company, operating in the field of petrochemical, from 2009G to 2014G.</li> <li>Financial Accountant, Eastern Petrochemical Company, a Saudi limited liability company, operating in the field of petrochemical, from 2004G to 2009G.</li> </ul>

### ➤ Executive Management Ownership

Below is a description of any interest, contractual and subscription rights belonging to senior executives and their relatives in the Company's shares or debt instruments

	Change in Percentage	Net Change	Closing Balance Dec 2022			Opening Balance January 2022		
			Ownership Percentage	Debt Instruments	Number of Shares	Ownership Percentage	Debt Instruments	Number of Shares
Eng. Mohammed bin Burki Al-Zoubi	-	-	0	0	0	0	0	0
Eng. Jamal Abdulrahman Mohammed Omar	-	-	0	0	0	0	0	0
Eng. Sultan bin Turki Al-Rahili	-	-	0	0	0	0	0	0
Eng. Mohammed bin Abdul Hamid Al-Mulhim	-	-	0	0	0	0	0	0
Mr. Bandar bin Ahmed bin Obaid	-	-	0	0	0	0	0	0

## REWARDS

In light of the provisions regulating the remuneration of the members of the Board of Directors, its sub-committees and senior executives stipulated in the Companies Law, the Corporate Governance Regulations, the Executive Regulations of the Companies Law for Listed Joint-Stock Companies, and the Company's Articles of Association, the Company has developed a policy related to the members of the Board of Directors, its committees and executive management aimed at organizing remuneration and benefits to attract the best competencies with the required qualifications, experience and expertise that serve the Company's business, growth and operations.

### First: Members of the Board of Directors and its Committees

- The Nomination and Remuneration Committee shall recommend to the Board of Directors the remuneration of the members of the Board, including the members of its committees and the same should be approved by the General Assembly.
- Taking into consideration that the remuneration is fair and proportionate to the work, responsibilities and objectives specified by the Board of Directors and to be achieved during the fiscal year.
- The remuneration payable to the independent member shall not be a percentage of the profits achieved by the Company nor be based on the profitability of the Company.

- The Board of Directors may determine a special remuneration for the Chairman of the Board of Directors and the same should be approved by the General Assembly of the Company.
- The Company has the right to refuse to pay the remuneration or stop paying it or to demand its recovery from any member of the Board of Directors and its committees, and to claim compensation for damage to its reputation or business.

### Second: Executive Management

- The Nomination and Remuneration Committee reviews the salary scale set for all employees, executive management, incentive program and plans on an ongoing basis and approves them based on a recommendation from the executive management.
- The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, shall determine the remuneration of the executive management, provided that they are consistent with the strategic principles and objectives of the Company, and serve as a factor to motivate the executive management to achieve those goals, and enhance the Company's ability to grow its business and its continuity.
- The maximum remuneration of executive management may be reviewed annually, provided that any amendments are based on a recommendation from the Nomination and Remuneration Committee.
- The Company should work to attract executives who have the capabilities, skills and qualifications necessary to enable the Company to achieve its goals.

### Third: Clarifying the Relationship Between the Bonuses Granted and the Applicable Remuneration Policy, and Clarifying any Material Deviation from this Policy.

- The Board of Directors shall determine, upon the recommendation of the Remuneration and Nomination Committee, the remuneration of the members of the Board of Directors, members of committees and senior executives, in accordance with the regulations approved by the Board of Directors and the remuneration policy of the members of the Board of Directors, its subcommittees and senior executives which is approved by the General Assembly of the Company. The Member shall be entitled to the remuneration granted to him accordingly, and there shall be no material deviation from the applicable policy.

The following tables show the remuneration and compensation of the members of the Board of Directors, members of committees and senior executives, including the CEO and Chief Financial Officer, paid during the financial year ended 31/12/2022:

### ➤ Remuneration of the members of the Board of Directors

MaraFiq's Corporate Governance Chart stipulates that the Chairman and Chief Executive Officer of MaraFiq shall inform the rest of the Board of Directors of the views of the shareholders and discuss the same with them. On the other hand, the Company's Articles of Association ensures that the Company shall participate in deliberations and discussions, enhance communication with the Company's shareholders and the management shall answer the shareholders' inquiries in a manner that does not harm the interests of the Company.

Remuneration of Directors	Fixed Rewards				Variable Rewards					End of Service Benefits	Gross Total	Expense allowance				
	(*) Certain amount	Allowance for attending meetings of the Board	Lieu for attending meetings of the Board	In-kind benefits	Reward for administrative work	Remuneration of the Chairman of the Board or the Secretary if he is a member	Total	Percentage of profits	Periodic bonuses				Short-term incentive plans	Long-term incentive plans	Awarded Shares	Total
First: Independent Members																
Mr. Sulaiman bin Abdulaziz Al-Hussain *	0	27,000	18,000	0	0	0	45,000	0	0	0	0	0	0	0	45,000	9,650
Mr. Amr Abdulaziz Al-Jalal	118,333	36,000	15,000	0	0	0	169,333	0	0	0	0	0	0	0	169,333	9,200
* Eng. Sulaiman bin Khalid Al Mazrou	0	27,000	9,000	0	0	0	36,000	0	0	0	0	0	0	0	36,000	9,200
total	118,333	90,000	42,000	0	0	0	250,333	0	0	0	0	0	0	0	250,333	28,050

Remuneration of Directors	Fixed Rewards				Variable Rewards					End of Service Benefits	Gross Total	Expense allowance				
	(*) Certain amount	Allowance for attending meetings of the Board	Lieu for attending meetings of the Board	In-kind benefits	Reward for administrative work	Remuneration of the Chairman of the Board or the Secretary if he is a member	Total	Percentage of profits	Periodic bonuses				Short-term incentive plans	Long-term incentive plans	Awarded Shares	Total
Second: Non-Executive Members																
H.E. Eng. Khalid bin Mohammed Al-Salem *	0	30,000	9,000	0	0	0	39,000	0	0	0	0	0	0	0	39,000	5,600
Eng. Ahmed bin Mohammed Al-Habr	121,333	33,000	15,000	0	0	0	169,333	0	0	0	0	0	0	0	169,333	0
Mr. MUSAED bin Ahmed Al-Suyyuh	181,000	27,000	12,000	0	0	0	220,000	0	0	0	0	0	0	0	220,000	0
Mr. Bader Abdullah Al-Ghurairi *	0	24,000	12,000	0	0	0	36,000	0	0	0	0	0	0	0	36,000	4,600
Eng. Ahmed Bin TARI Al-Sheikh **	182,000	6,000	3,000	0	0	0	191,000	0	0	0	0	0	0	0	191,000	0
Mr. Mohammed bin Abdurahman Al-Blehed	181,000	6,000	3,000	0	0	0	190,000	0	0	0	0	0	0	0	190,000	0
Mr. Ahmed bin Mohammed Hassan ***	0	6,000	6,000	0	0	0	12,000	0	0	0	0	0	0	0	12,000	0
Mr. Abdulilah Ibrahim Al-Saadani	177,000	6,000	3,000	0	0	0	186,000	0	0	0	0	0	0	0	186,000	0
Eng. Mohammed bin Abdullah Al-Haklani **	121,333	6,000	6,000	0	0	0	133,333	0	0	0	0	0	0	0	133,333	0
Mr. Emad bin Khalifa Al-Hajji**	121,333	6,000	3,000	0	0	0	130,333	0	0	0	0	0	0	0	130,333	0
total	1,084,999	150,000	72,000	0	0	0	1,306,999	0	0	0	0	0	0	0	1,306,999	14,800

The designated amount represents the annual remuneration for the membership of the Board of Directors for the year 2021, which was disbursed after the approval of the General Assembly on April 21, 2022.

- » \* His membership started on April 21, 2022.
- » \*\* His membership expired on 21 April 2022.
- » \*\*\*His membership started on January 1, 2022 and ended on April 21, 2022

➤ Remuneration of Committee Members

MEMBERS	Expense allowance	Lieu of attending sessions	Fixed Rewards (*)	Total
<b>AUDIT COMMITTEE MEMBERS</b>				
Mr. MUSAED bin Ahmed Al-Suyuti	282,000	12,000	0	294,000
Mr. Sulaiman bin Abdulaziz Al-Hussain	0	9,000	0	9,000
Mr. Amr bin Abdulaziz Al-Jalal	138,000	12,000	0	150,000
Mr. Ahmed Mohammed Hassan	0	3,000	0	3,000
Mr. Emad Khalifa Al-Hajji	144,000	3,000	0	147,000
<b>REMUNERATION AND NOMINATION COMMITTEE MEMBERS</b>				
Mr. Sulaiman bin Abdulaziz Al-Hussain	0	9,000	14,150	23,150
His Excellency Eng. Khalid bin Mohammed Al-Salem	0	9,000	4,600	13,600
Eng. Sulaiman bin Khalid Al Mazrou	0	9,000	0	9,000
Mr. Abdullah Ibrahim Al-Saadon	285,000	3,000	4,600	292,600
Eng. Ahmed bin Mohammed Al-Jabr	144,000	3,000	0	147,000
Mr. Mohammed bin Abdullah Al-Hatlani	138,000	3,000	0	141,000
Mr. Mohammed bin Abdulrahman Al-Blehed	144,000	3,000	0	147,000
<b>EXECUTIVE &amp; RISK COMMITTEE MEMBERS</b>				
Eng. Ahmed bin Mohammed Al-Jabr	0	12,000	0	12,000
Mr. Bader A. Al Ghurairi	0	12,000	4,600	16,600
Eng. Sulaiman bin Khalid Al Mazrou	0	12,000	0	12,000
Mr. Mohammed bin Abdullah Al-Hatlani	0	3,000	0	3,000
Mr. Ahmed Mohammed Hassan	0	3,000	0	3,000
Eng. Ahmed Bin Tarek Al-Sheikh	282,000	3,000	0	285,000
Mr. Amr bin Abdulaziz Al-Jalal	0	3,000	0	3,000

» (\*) Fixed remuneration represents the annual remuneration for the membership in the committees for the year 2021, which was disbursed during the year 2022.

➤ Remuneration Paid to the Top Five Senior Executives including The CEO and CFO for the Fiscal Year 2022 (SAR)

Fixed Bonus	Salaries	5,449,194
Allowances		2,021,949
In-kind benefits		15,984
<b>Total</b>		<b>7,487,127</b>
Variable Bonus	Periodic bonuses	0
	Earnings	0
	Short-term incentive plans	1,203,280
	Long-term incentive plans	555,271
	Awarded Shares	-
<b>Total</b>		<b>1,758,551</b>
End of Service Benefits		0
Total remuneration of executives of the Board, if any		0
<b>Gross Total</b>		<b>9,245,678</b>

**APPLICABILITY OF THE CORPORATE GOVERNANCE REGULATIONS**

- The Company has adopted rational applications in corporate governance in accordance with the governance regulations and rules issued by the regulatory authorities, and in line with the international principles of governance and best practices. The Company has developed the general framework for its governance, which includes a set of regulations and policies through which roles and responsibilities are defined, how to make and direct decisions, and control their implementation, in light of the rules of transparency that achieve accountability and enhance performance efficiency, based on the relevant laws and regulations. The Board of Directors follows up the implementation of governance regulations to verify the soundness and accuracy of the application and application of the best with the best governance practices, and to ensure the adoption and application of the best international standards, which guarantee the rights of employees, shareholders, investors and stakeholders alike.

2. The Company has developed the general framework for its governance, which includes a set of regulations and policies through which roles and responsibilities are defined.
3. There is no penalty, precautionary measure or precautionary restriction imposed on the Company by the competent authority or by any other supervisory, regulatory or judicial authority.

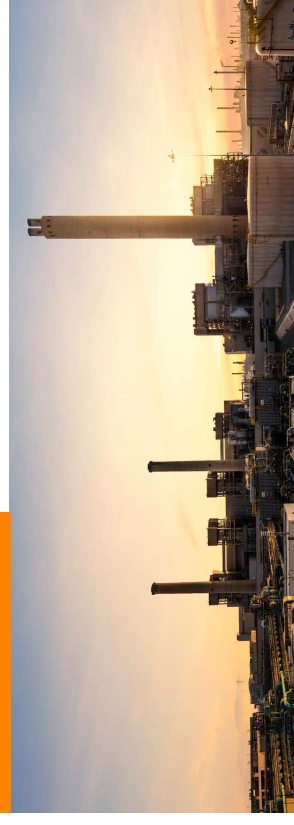
Article's Number	Text of the Article/Paragraph	Reason of non-implementation
Article (39/e): Evaluation.	The Board of Directors shall arrange for a competent third-party evaluation of its performance every three years	Indicative paragraph
Article (39/f): Evaluation.	The non-executive directors shall periodically evaluate the performance of the Chairman of the Board after taking the views of the Executive Members (without the Chairman attending the discussion designated for this purpose) provided that the strengths and weaknesses are identified and proposed to address them in accordance with the interest of the Company	Indicative paragraph
Article (51/c): Composition of the Audit Committee.	The Chairman of the Audit Committee must be an independent member	Indicative paragraph
Article (84): Social Responsibility	The Ordinary General Assembly shall, upon the proposal of the Board of Directors, establish a policy that ensures a balance between its objectives and the objectives that the community aspires to achieve, in order to develop the social and economic conditions of the community	Indicative Article
Article (92): Formation of the Corporate Governance Committee	In the event that the Board of Directors forms a committee specialized in corporate governance, it shall delegate to the committee the competencies prescribed under Article Ninety-One of these Regulations, and this committee shall follow up on any issues related to the applications of governance, and provide the Board of Directors, at least annually, with the reports and recommendations it has	Indicative Article

4. The Company has an internal audit department.
5. There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, and the recommendation of the Audit Committee including the appointment of the Company's auditor and determining his fees for the fiscal year 2022.
6. The Company has not entered into any contracts with any member of its Board of Directors or one of its senior executives, and there is no personal interest related to them.
7. The consolidated financial statements of the Company was prepared during the fiscal year 2022 in accordance with the standards approved by the Saudi Organization for Certified Public Accountants.

8. The Company did not issue or grant any convertible debt instruments, contractual securities, protective rights or any similar rights during the fiscal year 2022.
9. The Company has not issued or granted any transfer or subscription rights under any convertible debt instruments, contractual securities, guarantees or similar rights.
10. There are no redemptions, purchases or cancellations on the part of the Company for any redeemable debt instruments.
11. There are no arrangements or agreements whereby a member of the Board of Directors or a senior executive waives any salaries or remuneration.
12. There are no arrangements or agreements under which the Company's shareholder waives his rights of the profits.
13. The auditor's report shows that the consolidated financial statements are free of material misstatement and that there are no related reservations.
14. The Board of Directors has not issued a recommendation to change the auditor before the end of his term.
15. Proper books of account have been maintained. The system of internal controls is sound in design and has been effectively implemented. There are no significant doubts concerning the company's ability to continue its activity.

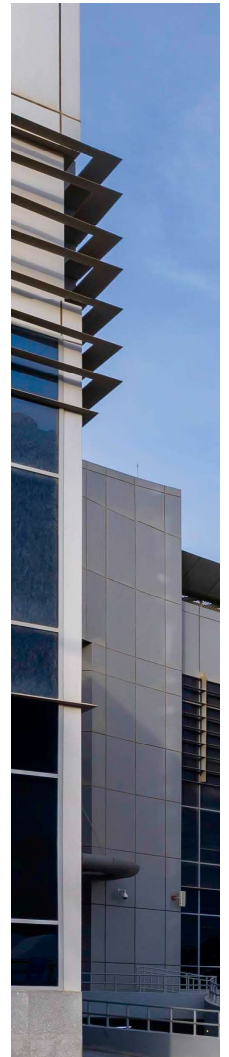
## CLOSING MESSAGE

The Board of Directors extends his sincere thanks and gratitude to the Executive Management, and all employees of the Company, for their efforts, appreciating the interaction of the Company's shareholders and all relevant government and private sectors. The Board of Directors looks forward to further achievements in the coming years, God willing.



# مِرافِيق

## MARAFIQ



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